OPEC

Organization of the Petroleum Exporting Countries

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Monthly Oil Market Report

August 2003

Next report to be issued on 18 September 2003

FEATURE ARTICLE: The challenge to the market in 2004
(p. i)

OPEC Basket average price

US$ per barrel

Up 0.69 in July

July 2003	**27.43**
June 2003	26.74
Year-to-date	27.99

July OPEC production

in million barrels per day, according to secondary sources

Algeria	1.17	Kuwait	2.12	Saudi Arabia	8.60
Indonesia	1.01	SP Libyan AJ	1.42	UAE	2.27
IR Iran	3.74	Nigeria	2.13	Venezuela	2.57
Iraq	0.64	Qatar	0.72		

Supply and demand

in million barrels per day

2003	
World demand	78.09
Non-OPEC supply	52.32
Difference	**25.77**
2004	
World demand	79.25
Non-OPEC supply	53.87
Difference	**25.38**

NB *Non-OPEC supply includes OPEC NGLs and non-conventional oils*

Stocks

Stocks continued upward trend in USA in July

World economy

World GDP growth revised up to 3.1% for 2003, estimated at 3.8% for 2004

Inside

Data covers period up to end of July 2003, unless otherwise stated
Issued 19 August 2003

OIL MARKET HIGHLIGHTS

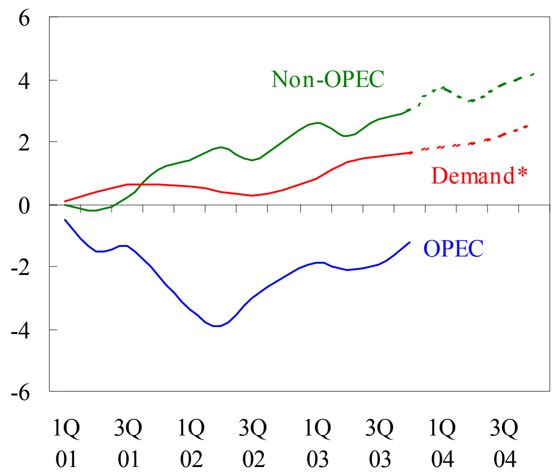
- World GDP is forecast to grow by 3.1% in 2003, up 0.2% from last month's estimate. The increase in the OECD forecast of 0.16% is due mainly to the better outlook in Japan, where unexpectedly strong GDP data for the second quarter is consistent with calendar year growth of 1.7%. Estimates for Asia Pacific have also been raised following the region's recovery from the SARS epidemic. The Chinese and Russian economies continued to register a good performance in 2003, requiring further slight upward adjustments to their estimates for 2003. The European forecasts remain unchanged. In 2004 North America and Europe are expected to achieve higher growth rates but Japan may be restrained by continued low domestic demand. The growth rates for Asia Pacific, Latin America and Africa should benefit from the higher OECD growth rate of 2.7% in 2004, and all taken together should raise the 2004 world GDP growth rate to 3.8%.
- Second quarter data confirmed that the expansion of the US economy has begun and that growth rates in the region of 4% may be expected in the second half of 2003. The momentum of personal consumption will be stimulated by the tax cuts although government spending growth will slow from the high war-related levels of the second quarter. The impact on US production and employment is, as yet, hard to establish although the labour market showed signs of stabilizing in July. The duration of the expansion into 2004 will depend on increased employment levels and the dispersion of this growth throughout the rest of the world. A major problem for the US and the dollar in 2004 could be the rise in the current account deficit unless other economies increase their absorption of US exports.
- The release of second quarter GDP data for the Japanese economy surprised financial markets as the 0.6% growth rate over the first quarter was well above expectations. This growth was achieved mainly as a result of better net exports as imports, notably tourism, were held back by the SARS epidemic. Consumer spending and private capital expenditure also showed signs of stabilizing. It is unlikely that these trends will lead to a further acceleration in growth in 2004 unless export demand benefits from higher US growth. Deflation should continue to restrain domestic spending for the foreseeable future.
- The OPEC Reference Basket rose for the third consecutive month accumulating more than $2/b from the post-war low seen in April. The Basket gained another 69¢/b or 2.6% in July over the previous month to average $27.43/b. In comparison to the first seven months of last year, the January-July cumulative Basket price for 2003 showed a rise of $5.34/b or 23.58% with the year-to-date average coming just one cent short of the $28/b upper limit of the price band. The Basket recovered its upward momentum at the beginning of August surging $1.46/b or 5.35% to average $28.72/b in the week ending 7 August. This was followed by another 6¢/b gain during the second week averaging $28.78/b.
- Supported by strong regional fundamentals in all three main global markets, product prices in general rose at a more pronounced rate than the increases in their underlying crude counterparts in July. As a result, refining margins improved, with the US Gulf centre leading gains. However, this did little to refinery throughput, which remained almost unchanged in the USA and Europe.
- OPEC area spot-chartering regained the previous month's losses, rising by 4.75 mb/d to stand at 15.20 mb/d in July. The crude oil tanker market was almost quiet in July, mainly due to the season's downward trend. The product tanker market reversed its slump to show significant improvement on most of the main routes.
- An upward revision in the Middle East and Africa consumption has resulted in the 2002 total world consumption being revised up by 0.18 mb/d to 76.96 mb/d. The average 2003 world consumption forecast has been revised up by 0.30 mb/d due to a 0.18 mb/d upward revision in the 2002 historical data and a 0.12 mb/d increase in the year's incremental demand, mostly stemming from expected higher economic growth in the OECD Pacific, the Middle East, the FSU and China. Our preliminary forecast puts average 2004 world oil demand at 79.25 mb/d, higher by 1.16 mb/d compared to the expected 2003 consumption.
- OPEC crude oil production in July, based on secondary sources, was estimated at 26.39 mb/d. Non-OPEC oil supply for 2003 is forecast at 48.69 mb/d, 0.87 mb/d higher than the estimated 2002 figure of 47.81 mb/d. Non-OPEC supply for 2004 is expected to reach a level of 49.93 mb/d, an increase of 1.25 mb/d over the 2003 forecast. Net FSU exports for 2002 and 2003 were estimated at 5.56 mb/d and 6.20 mb/d respectively, and are expected to reach 6.69 mb/d in 2004.
- At the end of July 2003, US commercial oil stocks displayed a further seasonal build, rising 12.1 mb, mainly on increased distillate stocks, while crude oil and gasoline inventories registered a draw. Eur-16 oil stocks showed a moderate increase of 8.0 mb in crude and products with the exception of fuel oil. In June 2003, Japan's commercial oil stocks experienced a considerable seasonal build of 18.3 mb due to a massive rise in crude oil inventories.

The challenge to the market in 2004

- World oil demand growth has averaged 0.6 mb/d in recent years, with non-OPEC supply increasing at around 1.0 mb/d while OPEC production has dropped (Graph 1). This loss of market share can be attributed to OPEC willingness to limit production levels to stabilize the market and to prevent a price collapse. In addition to wakening the oil industry and leading to a loss of revenue for producers, excessively low prices have been shown to also be against the interest of consumers, as it deters investment and precipitates a boom-and-bust cycle harmful to the global economy. Over the years OPEC has brought greater stability in the market through proactive production management, yet not without some sacrifice.

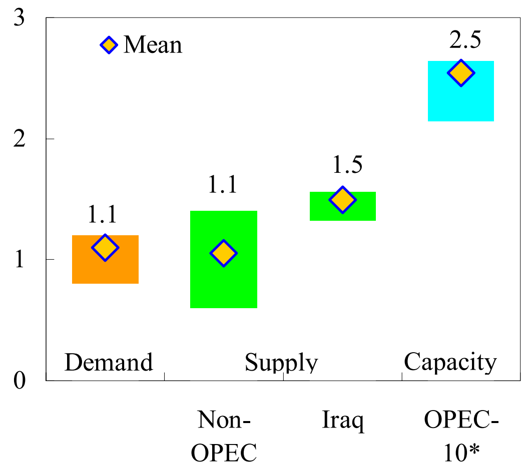
- Several sources have recently released their 2004 projections for both global oil demand and non-OPEC supply. The average growth in oil demand is expected to be around 1.1 mb/d, with a range of 0.4 mb/d, while forecasts for non-OPEC supply forecasts showed a wider range around a mean of 1.1 mb/d (Graph 2). Forecasts for world oil demand growth for 2004 assume a recovery in global economies at the same rate as estimated for 2003. However, a number of unique factors related to fuel switching inflated demand for that year. Nuclear plant outages in Japan forced a shift to oil, while high natural gas prices in the US led to additional fuel switching. In addition, stock builds in non-OECD countries and colder than normal weather also contributed to demand growth in 2003. Without these exceptional factors, the incremental oil demand for the year would have been significantly lower.

Graph 1: Cumulative change in world oil demand and supply *(mb/d)*



**/ The cumulative change is based on the 4-qtr moving average.*

Graph 2: Growth in global oil demand and supply/capacity in 2004 *(mb/d)*



**/ Addition to production capacity (including NGL)*

- According to forecasts for 2004, the difference between world oil demand and non-OPEC supply should remain unchanged, which makes the fifth consecutive year that has shown either zero or negative growth. This difference will leave no room for increasing production from OPEC-11. However, all scenarios expect Iraq to return to the market and rapidly increase export volumes. According to various sources, Iraq production is likely to grow by around 1.5 mb/d next year, which will lead to an excess supply of the same amount if OPEC-10 production is maintained at the current level of 25.4 mb/d. This demonstrates the arduous task OPEC and others exporters faces in accommodating Iraqi production against continued supply growth in non-OPEC producers, which is expected to match or even exceed forecast demand growth.

- With its own production capacity expected to increase by 2.5 mb/d in 2004 (Graph 2), the OPEC-10 as usual are faced with the considerable task of maintaining market stability at a price level within the band. Meeting this difficult challenge in 2004 and in the following years will clearly require the combined efforts of OPEC and non-OPEC producers. Without effective cooperation among all major exporters, there is a real risk of a sharp fall in prices, which would be against the interests of the oil industry as a whole.

- Looking beyond the coming year, various sources estimate 2005 production capacity to grow further to around 87.3 mb/d. As oil demand is expected to reach no more than 80 mb/d (Table 1), this means substantial and costly idle capacity of around 7mb/d, mostly from OPEC Members Countries. It also vividly illustrates the need for better cooperation, in terms of coordination and restraint, by all exporting countries.

Table 1: Growth in global oil production capacity and oil demand *(mb/d)*

	Production Capacity			
	OPEC	Non-OPEC	Total	Demand
2004	32.4	49.9	82.3	79.0
2005	36.4	50.9	87.3	~80.0

HIGHLIGHTS OF THE WORLD ECONOMY

Economic growth rates 2003
%

	World	G-7	USA	Japan	Euro-zone
2003	**3.1**	**1.6**	**2.2**	**1.7**	**0.8**
2004	**3.8**	**2.5**	**3.8**	**0.6**	**1.8**

Industrialised countries

United States of America

Second quarter data confirms strong growth in US economy

There is now no doubt that economic activity in the US began to expand at a faster rate in the second quarter. GDP rose at an annual rate of 2.4% in this period boosted by war–related government spending while personal consumption increased 3.3% at an annual rate. Although the worsening net trade balance restrained the growth of domestic output, the overall message was one of gathering economic momentum. Consumer spending continued to expand in July boosted by mortgage refinancing activity and tax cuts. Retail sales at current prices were up 1.4% in July and motor vehicle sales rose to their highest level this year. Retail sales data for the months of May and June were revised upwards, which brought the year-on-year rate of growth for the three months from May to July to 5.4%. The improvement in economic conditions has had a limited effect on the labour market but at least the pace of layoffs seems to have abated. Initial unemployment claims are now running below 400,000 per week on a moving average basis. However, the pace of hiring remains weak, reflecting a very substantial rise in productivity growth. In the second quarter, non-farm productivity rose by 5.7% and unit labour costs fell by 2.1%. Higher productivity will keep the inflation rate down and allow profits to continue moving upward, although without an eventual rise in employment it is hard to see how the expansion will be sustained. Sustainable growth also requires higher investment spending, which so far has been restrained by excess capacity. In the computer and related sectors, there are signs that capacity utilization is rising while information technology spending increased sharply in the second quarter, exceeding 2002 average levels by 9.6% in real terms. The improvement in productivity and falling unit labour costs were probably a factor behind the August statement of the Federal Open Market Committee confirming that the 1% funds rate will be maintained for as long as disinflation risks predominate. The sharp rise in US bond yields since June reflected market fears that stronger economic activity will lead to higher interest rates perhaps as soon as the first quarter of 2004. The Fed statement should moderate any increase in long-term interest rates, which could affect homebuilding and investment spending. The US recovery has certainly begun, but until employment growth creates a wider base of prosperity that can keep the economy moving over the medium term the duration of the expansion remains an open question.

Japan

Japan's economic growth accelerated to 0.6% in second quarter, but it is still too soon to declare the start of a sustain recovery

The Japanese economy grew more rapidly than expected in the second quarter, putting in its best performance since the third quarter last year. At an annualized rate, this translates into an economic expansion of 2.3%. However, while this was the sixth consecutive quarter of real GDP growth, in nominal terms GDP rose by only 0.1%, reflecting continued deflationary pressure. The positive performance was attributed to a 1.3% growth in business investment and a 0.3% increase in consumer spending, which account for about 55% of the overall economy. Exports also contributed, rising 1.0% in second quarter after a gain of 0.6% in the first quarter, as overseas sales have been boosted by the end to major combat in Iraq and the containment of the SARS epidemic in Asia. Moreover, the Japanese government's low yen policy vis-à-vis the dollar has also lifted exports to a record 9.03 trillion yen from January through July. Improving overseas sales, in turn, are likely to have had a beneficial effect on the bottom line for many domestic companies, encouraging them to hire worker and increase capacity to meet demand. Although high by Japanese standards, the unemployment rate fell in June to 5.3% from 5.4% the previous month. Despite the good news, it is still too early to declare the start of a sustained recovery. Although Japan is expected to benefit from the cyclical upturn in the global economy, which is expected to gather pace in early- to mid-2004, a lack of progress on structural reforms in the corporate and financial sectors remains one of the country's biggest problems. Without these reforms, lending and private investment will remain anaemic, preventing any return to good health by the financial markets.

Euro- zone

Euro-zone activity may have bottomed in the second quarter, with expectations data are cautiously positive for the remainder of 2003

The performance of the Euro-zone economy in June showed some stabilization following the very poor data for May. For the second quarter, Euro-zone GDP was unchanged and German GDP fell 0.1% below the first quarter level. German industrial production dropped 1.6% over the quarter, while the output for June was down 2.1% from a year ago. These declines can be attributed to lower net exports, as domestic demand rose slightly in the second quarter. However, forward-looking indicators, such as the IFO estimate of output plans and the PMI output index, paint a roser picture for the second half. Italian industrial production was flat in June, with output falling 2.1% below year-ago levels, and GDP declined 0.1% in the second quarter. Still, as in Germany, survey evidence is more encouraging. France was the only Euro-zone economy to boost industrial production in June with manufacturing production up 0.6% over May. Nevertheless June production was still 0.9% below year-ago levels The strongest performers in the French economy were in the capital goods sector, particularly semi-conductors, as output increased after ten months of decline. In July, the French PMI index for manufacturing moved into significant positive territory for the first time in six months. On balance, the July Euro-zone PMI indicators were encouraging for third quarter prospects, especially for the services sector. The forecast for the manufacturing sector will depend on the strength of the American recovery and whether the high euro inhibits exports. Certainly the inflation outlook remains a major positive for the Euro-zone and interest rates may be reduced before the end of 2003 if growth continues to disappoint and the euro stays strong. A further growth impetus may come from budgetary policy. Despite the constraints of the Stability and Growth Pact, it appears likely that a more relaxed European fiscal stance may add as much as 0.5% to GDP growth in 2004.

Former Soviet Union

Russian officials revised GDP growth estimate up 7.2% for first half of the 2003

The Russian economy continued to move upward in June as the Ministry of Economic Development and Trade estimates GDP growth at 7.2% in the first half of the year. The boom in capital spending, touched off by a surge in export earnings, has been key to the Russian economy's dynamism for the year. Expenditure on investment in fixed capital was 12.0% higher year-on-year (y-o-y) in June and up 11.9% for the first half of 2003, while data on the aggregated net income of Russian enterprises in the first five months of the year indicates that, for the economy as a whole, cumulative profits were 64.4% higher in nominal terms than in the same period the year before. The strongest growth in corporate net income took place in the trade, communication, and industrial sectors, while the aggregate net revenue of the fuels branch was up 52.8% on higher oil prices and increased physical volumes. Consumers helped keep Russian aggregate output growing throughout the first half. Retail sales were up 8.8% y-o-y in June, against an 8.9% increase registered in the entire first half. Growth in consumer spending has continued to be bolstered by a rapid rise in real wages and incomes, which were up 9.7% in the first half of 2003 over the same time last year, while real disposable income rose 14.6%. Meanwhile, consumer price inflation remains high this summer, boosted by unfavourable agriculture conditions and a rapid growth in money supply as the surge in export earnings was converted into roubles. According to Goskomstat, the core inflation index rose only 5.4% in the first seven months of 2003, compared with an 8.7% increase in the overall index. CPI inflation stood at 14.0% y-o-y in June and July. Official data on foreign trade developments shows that the cumulative trade surplus in January-June 2003 reached $28.7 bn, up 39.1% from the surplus earned in the first half of 2002. The gross official foreign exchange reserves, including monetary gold, also reached to $64.4 bn at the end of June, up $16.6 bn since the end of 2002.

Eastern Europe

Poland remains the star performer, combining high economic growth rates and low inflation

Growth forecasts for the Hungarian economy have been reduced as weaker export sales have cut the growth rate of industrial production to 2.8% in June over year-ago levels. This marks a substantial slowdown from the 5% achieved in the first four months of 2003. Poorer trade performance is also affecting the current account deficit, which increased to €567 mn in June, and has grown the deficit to 6% of GDP over the past twelve months. Inflation remains high at 4.3% in June, while the forint weakened slightly, falling to 264 to the euro by the end of July. In contrast, news from the Polish economy was good, as the GDP growth rate is estimated to have accelerated to 3% in the second quarter. For the first half of the year, industrial production was up 6.7% thanks to continued strong growth in manufacturing, the current account deficit stood at €2405 mn – about half the result for the same period in 2002 – and inflation remained below 1% year-on-year in June. This caused the Polish zloty to strengthen to 4.35 to the euro at the end of July, despite uncertainties surrounding the 2004 budget. Czech industry has shown modest results so far in 2003, with production rising 5.5% in the first five months. As in Poland, inflation is negligible, although the currency was weak in July as a result of political uncertainty. Fiscal reform is the most urgent problem facing the Czech authorities, as the Finance Ministry has said the public deficit will exceed 8% of GDP this year.

OPEC Member Countries

Macroeconomic outlook for OPEC-9 shows gradual improvement

The general economic expansion in OPEC-9 (excluding Iraq and Venezuela) should speed up this year due to the positive outlook for the oil sector as well as encouraging domestic factors. Domestic demand, which has strengthened significantly following a marked recovery in world oil prices, is expected to be the main driver of growth in Iran this year. The lifting of import restrictions, which has supported firm growth in the non-oil industrial and manufacturing sectors, should also contribute. In Saudi Arabia, real GDP growth has been revised upwards in actual terms to 6%, from the 5.7% forecast earlier, due to the robust price and production forecast for the oil sector. Saudi Arabia's export earnings in 2003 are expected to increase 8.6% over 2002, rising to $75.3 bn. Despite a projected increase in imports of 2.5% to just below $29 bn, domestic demand is likely to show modest growth for the year. This should result in a trade surplus increase of 18% to $46.3 bn for 2003. The current account is expected to record a surplus of $16.8 bn this year, compared to the $4.5 bn gain estimated for 2002. Nigeria's GDP growth rate is expected to be at 3%, the same rate as last year, before picking up to 4% in 2004. This is due to a forecast increase in offshore oil production and investment in the gas sector, as well as economic policy improvements and accelerating growth in agriculture and services.

Developing countries

M&A activities boomed in Asia, Brazil under pressure to initiate economic reforms, and Africa to take cotton subsidies to WTO

Asia witnessed a rise in mergers and acquisitions of 6% to $106 bn in the first half of this year compared to the same time last year. This was despite general economic uncertainty, the impact of the SARS crisis and a 10% drop in global M&A activity to $520 bn in the same period. This gave the region a record 20% of global deal volume compared to only 5% in 1998. The Asian M&A boom can be attributed to a mix of factors, including greater liquidity among investors and bankers, steady growth in the size of companies, less rigid takeover rules and lower merger fees than in the USA and Europe. In Brazil, the government is coming under external and internal pressure to immediately initiate liberal economic reforms. These would include slashing interest rates, boosting public spending to stimulate the economy and reforming the overburdened pension system, which is currently running a deficit comparable to 6% of GDP. Forecasts for the year put Brazil's real GDP growth rate a tepid 1.7%. Rising subsidies in competitor countries and a steady fall in world prices over the last couple of years have cost generally unsubsidised West and Central African cotton producers about $1bn this year. In the upcoming WTO meeting in Cancun, Mexico, African producers will ask major cotton producers — China, USA and India — to not only to stop subsidising their cotton crop, but also to provide compensation.

Oil price, US dollar and inflation

The dollar rose against other major currencies, especially the euro, which caused the actual price of ORB to rise in July

In July, the dollar rose against other major currencies in the modified Geneva I+US$ basket*. On average the euro was quoted at $1.1332, down sharply by 5.56%, while the pound exchanged at $1.6181, a slide from the $1.6611 recorded the previous month. The dollar also climbed to ¥118.35 and CHF1.365 from ¥1187.26 and CHF1.321 the month before. Early in the month, the sentiment of the currency market was dominated by optimism toward the US economic recovery, discounting a report by the Bank of International Settlements about the risk of deflation in the USA and a disappointing rise in the Institute of Supply Manufacturing Index (up to 49.8 from 49.4 in May), allowing the dollar to rise 0.64% against the euro, 1.71% against the Swiss franc, 1.09% against the Japanese yen and 0.6% against the British pound.

The upbeat mood of the dollar market was further accelerated by profit-taking from euro holders and the European Union Monetary Affairs Commission decision to revised its forecast for Euro-zone economic growth downward to 0.7% from 1.0%, which puts pressure on the ECB to cut interest rates. The dollar also extended its gain versus the Swiss franc and the British pound, which only increased when the Bank of England cut its benchmark interest rate to 3.5%. Later in July, a lack of good news about the US economy and speculation about rising joblessness caused that the greenback to weaken against the euro. However, the dollar retained some of its strength against the yen, assisted by the Japanese finance minister's remarks indicating a preference for a weaker currency and the US Treasury Secretary's comments supporting the Bank of Japan's persistent efforts to limit the strength of yen.

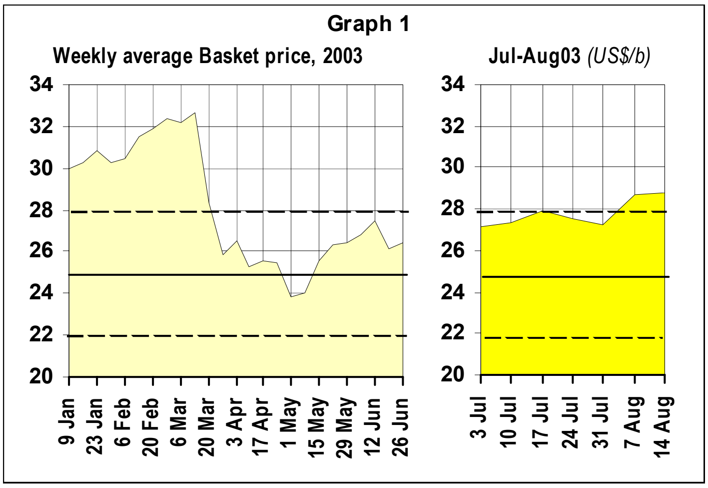
In July, the OPEC Reference Basket rose $0.69 or 2.61% to $27.43 from $26.74 the month before. In real term (base July 1990=100) after accounting for inflation and currency fluctuation, the basket price surged 4.25% to $21.51 from $20.63, as dollar appreciation supported the nominal price gain as well. The dollar rose 1.8% as measured by the import-weighted modified Geneva I+US dollar basket, while inflation diminished the value of crude less.

* *The 'modified Geneva I + US$ basket' includes the euro, the Japanese yen, the US dollar, the pound sterling and the Swiss franc, weighted according to the merchandise imports of OPEC Member Countries from the countries in the basket.*

CRUDE OIL PRICE MOVEMENTS

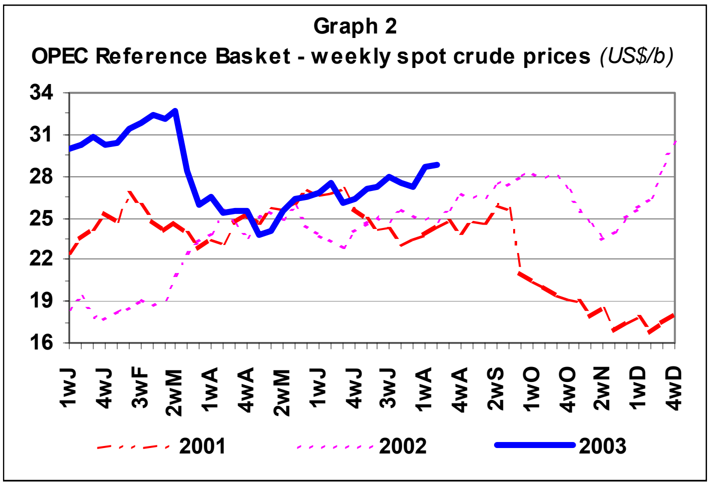
The OPEC Reference Basket rose $0.69/b in July to average $27.43/b

The OPEC Reference Basket rose for the third consecutive month accumulating more than $2/b from the post-war low seen in April. The Basket gained another 69¢/b or 2.6% in July over the previous month to average $27.43/b. In comparison to the first seven months of last year, the January-July cumulative Basket price for 2003 showed a rise of $5.34/b or 23.58% with the year-to-date average coming just one cent short of the $28/b upper limit of the price band.



The Basket began the month on a sound footing, peaked at $27.96/b in the week of 17 July, and then made a turn in the week of 24 July to fall to $27.50/b, which was followed by a further loss for the last week of the month. The Basket recovered at the beginning of August, surging $1.46/b or 5.35% to average $28.72/b in the week ending 7 August. This was followed by another 6¢/b gain during the second week for an average of $28.78/b. All of the seven Basket components ended the month higher, with Dubai leading the gains, followed closely by Arab Light and the light-sweet Nigerian Bonny Light. Saharan Blend, Tia Juana Light and Isthmus posted smaller recoveries, with Minas gaining only 14¢/b.

Slower recovery by Iraq, low stocks and natural phenomena underpinned prices. OPEC left production levels unchanged, emphasizing the need for non-OPEC cooperation



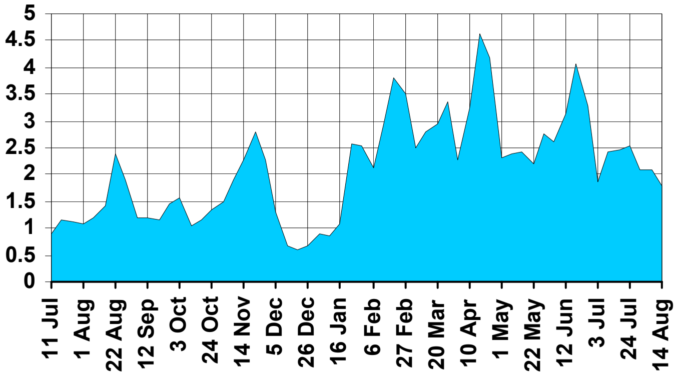
Atlantic benchmark crudes strengthened further in July, with WTI spot prices surging above the $32/b level, while its European counterpart, dated Brent, lingered around $29.5/b. Oil markets started the month bullish on concern that a nationwide workers' strike in Nigeria could disrupt output and on the shutting in of operations on the LOOP (Louisiana Offshore Oil Port) menaced by the approaching tropical storm Bill. Markets slipped following a compromise solution to the general strike in Nigeria and the tropical storm's dissipation. A second tropical storm, this time named Claudette, and several refinery glitches in the USA pushed prices above the $32/b mark. Claudette proved more disruptive than her predecessor, leading to the shut-down of more than 330,000 b/d, for a total loss of approximately 1.4 mb. Preliminary statistics for July showed OPEC-10 production to have remained largely unchanged at 25.75 mb/d from the 25.64 mb/d recorded in June, only 350,000 b/d above the 25.4 mb/d actual agreed target. The satisfactory compliance level, combined with the fact that oil markets remained stable and well-supplied at prices within the agreed range, prompted the 126th (Extraordinary) Meeting of the Conference convened in Vienna on 31 July to keep current production levels unchanged until its next Meeting scheduled for 23 September. Nonetheless, Iraq remains the real wildcard on the short- and medium-term oil market outlook. Previous estimates of Iraq's post-war production recovery have proved to be overly optimistic. The data indicates that Iraq managed to produce only 360,000 b/d in May, 490,000 b/d in June and somewhere between 600,000 to 700,000 b/d in July, while exporting 315,000 b/d in June (from pre-war inventories) and only 260,000 to 450,000 b/d in July. The latest estimates call for a much less speedy recovery. If the security situation is controlled and looting is stopped, then the pre-war production level of 2.8 mb/d could be reached by the second quarter of 2004, while 1.5 mb/d and 2.0 mb/d are possible in October and December of the current year. Gasoline demand in the USA has underperformed with respect to the year 2002, while API figures show stocks remain at a low 5.6 mb, or 2.5 % below the same period last year. Finally, the onset of the high demand third and fourth quarters, combined with low inventories in the three major consuming centers (USA, EU and Japan), seems to have kept speculators on the edge. According to the CFTC's Commitments of Traders Report, speculators continue to build their long positions in WTI futures, which indicates an assumption that prices will rise, while piling up long positions in unleaded gasoline futures to historical highs. This might have added a few dollars to the price of crude and several cents to the price of gasoline that could vanish at any time.

US and European markets

Strong fuel oil demand in the USA prompted the narrowing of the sweet-sour differential. Fuel oil demand rose in Europe on record hot temperatures

A shortage of supply and high refinery utilization to meet local product demand in the WTI price-setting mid-continent (PADD2) has maintained benchmark WTI's quotations at an unusually high level and attracted a wave of cargoes to the US East and Gulf coasts. However, as weeks will pass before this oil reaches its inland destinations, dislocation might not start to ease until August. Meanwhile, the premium of light-sweet crudes to heavy sour grades began to shrink at mid-month as sour crude demand was driven up by strong fuel oil consumption and OPEC's production cuts were starting to filter through the supply chain. Demand for high sulphur crudes was further enhanced by diminishing availability of Russian Urals and the lack of clarity and assurance on Iraqi Basrah exports. Likewise, high natural gas prices, stuck at almost twice last year's level, prompted a switch to fuel oil which caused a price rise of as much as 12% so far this year. In Europe, healthy refining margins, stronger Urals prices and increased arbitrage demand to the USA underpinned the need for sweet North Sea cargoes. Firm fuel oil demand has pushed heavy crude oil prices in the Mediterranean to record levels against light grades. The unusually long and hot European summer has severely curtailed the use of hydro and nuclear power for electricity generation.

Graph 3
WTI premium to Dated Brent *(US$/b)*

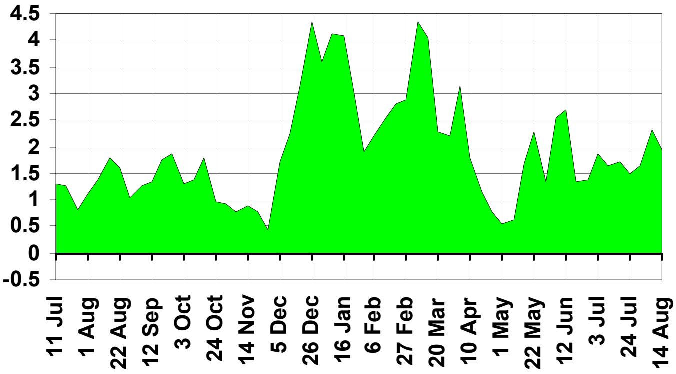


Far East market

Poor refining margins, maintenance and easing of the Japanese nuclear crisis undermined demand

Asia Pacific demand remained sluggish during most of July as key regional buyers have cut runs on the back of unworkable refining margins, brought forward maintenance programmes and switched back to nuclear reactors for electricity generation. Chinese refiners implemented run

Graph 4
Dated Brent premium to Dubai *(US$/b)*



cuts, while Indian refineries underwent maintenance. Likewise, Japanese demand continued its consistent decline as the country's biggest utility restarted a third nuclear reactor and was scheduled to have eight reactors operational by the beginning of August. Towards the month end, when trading for September deliveries began, demand for distillate-rich grades such as Oman and Tapis recovered as refiners prepared for the coming distillate season.

Table 1
Monthly average spot quotations for OPEC's Reference Basket and selected crudes
US $/b

			Year-to-date average	
	Jun 03	**Jul 03**	2002	**2003**
Reference Basket	26.74	**27.43**	22.65	**27.99**
Arabian Light	26.15	**27.24**	23.06	27.36
Dubai	25.46	**26.66**	22.62	26.44
Bonny Light	27.46	**28.39**	23.53	28.57
Saharan Blend	27.20	**27.91**	23.15	28.50
Minas	27.19	**27.33**	23.16	29.61
Tia Juana Light	26.23	**26.71**	20.59	27.27
Isthmus	27.48	**27.79**	22.43	28.22
Other crudes				
Brent	27.44	**28.34**	23.49	28.64
WTI	30.71	**30.61**	24.35	31.37
Differentials				
WTI/Brent	3.27	2.27	0.86	2.73
Brent/Dubai	1.98	1.68	0.87	2.20

PRODUCT MARKETS AND REFINERY OPERATIONS

Supported by strong regional fundamentals in all three main global markets, most product price rises were more pronounced than the increases in their underlying crude counterparts in July. As a result, refining margins improved, with the US Gulf centre leading gains. However, this did little to refinery throughput, which remained almost unchanged in the USA and Europe.

Gasoline demand rose sharply in the USA in July, strengthening its prices and bolstering refinery profits; refinery utilization rate remained above 95%

US Gulf market

Average monthly product prices in the US Gulf continued to soar further in July, shrugging off a marginal loss in their underlying crude counterpart, WTI. Product price rises were led by a 15% surge in HSFO, followed by a 7% gain in regular gasoline and then a 4% price increase in gasoil. Nonetheless, the four-week moving average published by the Energy Information Agency's shows strong gasoline demand for July at nearly 9.2 mb/d, representing a 2.7% increase on June's level and a 0.1 mb/d jump on the year before. Meanwhile, US gasoline output was enhanced to meet rising demand, with gasoline yield registering 54.7%, or roughly 8.7 mb/d on average, and imports remaining a robust 0.9 mb/d. This increased gasoline output hindered distillate production. US distillate demand in the same period was close to 3.6 mb/d, or almost 3% above the previous year, but this was still 4% below last month's level. Lower demand caused distillate stocks to rise sharply, exceeding 9 mb on a monthly basis. High sulphur distillate (i.e., heating oil) inventories still showed a deficit of around 30% from the preceding year's level. Despite falling demand, HSFO supply remained tight, stemming from two driving forces, the diversion of Latin American fuel oil cargoes to more lucrative world markets and an increased fuel oil intake by refiners looking to boost gasoline and distillate products.

The large increase in product prices, in particular gasoline which comprises the main US refined product, was the underlying factor for the sharp rise in refining margins in July in the US Gulf Coast.

Despite improving economics, average US refinery throughput dipped slightly to 15.86 mb/d in July. The equivalent utilization rate was 95.4%, representing a minor increase above the corresponding period last year.

The least valuable component of the barrel, fuel oil, led product price rises in Rotterdam in July; refining margins rose further, while refinery utilization rate in Eur-16 hit 86%

Rotterdam market

Average July product prices in Rotterdam in July continued last month's upward trend, although displaying differing incremental magnitudes amid a 3% increase in the monthly average of the marker crude, Brent. As in the main US product markets, HSFO faired best, increasing its monthly average a considerable 12%, while gasoline rose 7%, and gasoil was up 2%. Nonetheless, European product markets were primarily shaped by mixed regional factors. Gasoline, for instance, remained firm as a string of refinery closures on scheduled maintenance in North and South Europe tightened supplies and offset lower activity in transatlantic arbitrages. Lacklustre trading dominated the European distillate market in Northwest Europe, brought about by a drop-off in German end-user purchases. However, the gasoil price did firm again in the Mediterranean towards the final part of the month, which offered price support in the Northwest European markets. HSFO was in tight supply in Northwest Europe, owing in a large part to thin Russian supply, as a sharp rise in the price of Urals crude prompted Russian companies to boost exports at the expense of HSFO. This coincided with robust seasonal bunker demand in the Mediterranean and the continuing trend of shipping VLCCs laden with fuel oil to Asian markets. The exceptionally hot summer across Europe, particularly severe in the southern parts of the continent, translated into strong utility demand for its sister product, low sulphur fuel oil (LSFO) to meet rising European cooling requirements, as low water levels in major European rivers reduced electricity generation from other sources such as hydro and nuclear reactors.

Although the main European refined product, gasoil, displayed a lower incremental monthly magnitude compared to its underlying marker crude Brent, soaring prices at the opposite ends of the barrel — in gasoline and fuel oil — pushed refinery margins moderately into positive territory.

Average refinery throughput in Eur-16 countries nudged up to 11.85 mb/d, indicating a 86.3% utilization rate, which was one percentage point below the previous year.

Gasoline outperformed other product prices in Singapore in July, refinery profits increased

Singapore market

For the second consecutive month, gasoline led the monthly product price rises in July, soaring 9%, well above a 7% rise in the HSFO value and the slight 1% increase in its gasoil counterpart. This achievement was somewhat diminished by the 5% rise in the monthly average of the marker crude, Dubai. The gasoline market continued to be characterized by rising demand from the largest regional importer, Indonesia, which bought around 1.6 mb to cover supply shortfalls caused by refinery maintenance, and from ongoing robust purchases by Middle Eastern Gulf Countries. At the same time, regional supply was expected to decrease, as Taiwan's Chinese Petroleum Corporation will scale back its exports for August. A persistent weakness in Asia's gasoil prices, owing to lacklustre regional demand, throughout May and June, paved the way for moving large volumes of low sulphur distillate cargoes westwards, prompted by profitable price differentials between Europe and Singapore. Moreover, stock-piling of gasoil in anticipation of the end of a two-month fishing ban in South China's sea caused the market to be less well supplied than in recent months. After hefty fuel oil buying in the previous month, Chinese purchases receded in July, reacting to rising domestic inventories and the prevailing strength of fuel oil values. This coincided with the persistent arrival of fuel oil cargoes, which led to a build of fuel oil stocks in Singapore to around 10 mb/d by the end of the month.

A continuous surge in gasoline and fuel oil prices outpaced the increase in the Dubai price in July, which led to a rise in refining profit margins in Singapore.

Following the completion of the maintenance season, average refinery throughput rose to 3.91 mb/d in July. The utilization rate hovered at around 82%, implying a rise of almost 1% from the preceding year's level.

Table 2
Refined product prices
US $/b

		May 03	Jun 03	**Jul 03**	**Change Jul/Jun**
US Gulf					
Regular gasoline	*(unleaded)*	33.20	34.96	**37.36**	+2.40
Gasoil	*(0.2% S)*	29.65	31.07	**32.22**	+1.15
Fuel oil	*(3.0% S)*	21.16	22.35	**25.64**	+3.29
Rotterdam					
Premium gasoline	*(unleaded)*	32.06	33.15	**35.36**	+2.21
Gasoil	*(0.2% S)*	29.00	30.57	**31.08**	+0.51
Fuel oil	*(3.5% S)*	20.29	21.57	**24.15**	+2.58
Singapore					
Premium gasoline	*(unleaded)*	28.73	31.59	**34.59**	+3.00
Gasoil	*(0.5% S)*	29.12	29.33	**29.57**	+0.24
Fuel oil	*(380 cst)*	23.15	24.51	**26.18**	+1.67

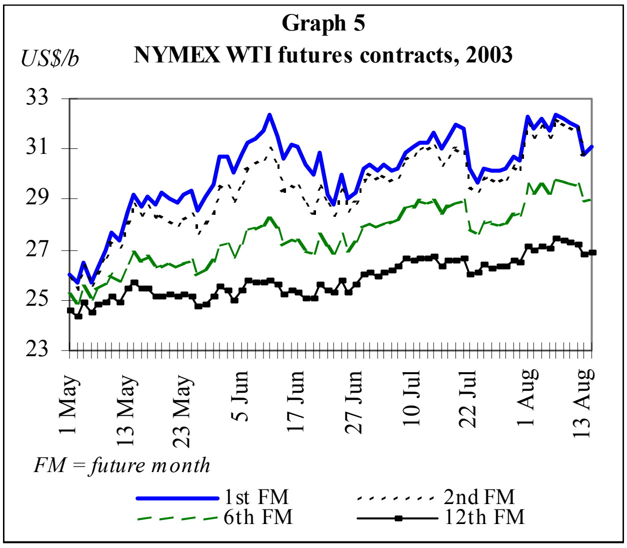
Table 3
Refinery operations in selected OECD countries

	Refinery throughput *mb/d*			**Refinery utilization*** *%*		
	May 03	Jun 03	**Jul 03**	May 03	Jun 03	**Jul 03**
USA	15.96	15.93	**15.86**	96.0	95.8	**95.4**
France	1.66 R	1.69	**1.59**	87.2 R	88.8	**83.5**
Germany	2.15 R	2.11	**1.92**	94.7 R	92.8	**84.6**
Italy	1.76 R	1.70	**1.88**	76.6 R	74.0	**81.9**
UK	1.68 R	1.51	**1.51**	94.2 R	84.4	**84.3**
Eur-16	12.18 R	11.82 R	**11.85**	88.7 R	86.1 R	**86.3**
Japan	3.85	3.73 R	**3.91**	80.8	78.3 R	**82.0**

* *Refinery capacities used are in barrels per calendar day.*
R *Revised since last issue.*
Sources: *OPEC Statistics, Argus, Euroilstock Inventory Report/IEA.*

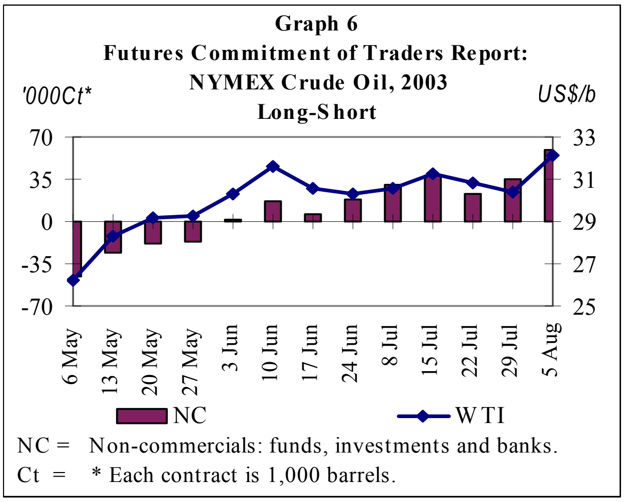
THE OIL FUTURES MARKET

Speculators remained bullish, however, a change in perception might trigger a correction



Since moving into the net-long arena in the first week of June, non-commercials have been building up their long positions consistently, with the sole exception being the week of 17 June. Clearly speculators have a bullish perception of the market and are convinced that future prices will be higher, which will bring them a profit when they dispose of their long contracts. Speculators' optimistic market sentiment might be based on the apparent tightness in the third leg of the market, stocks, in contrast to the other two, supply and demand, which seem to be in balance. The fact that Iraq's recovery has come at slower pace than anticipated might be the source of this optimistic price outlook. Another factor is the impending high demand for the oil and product markets in the fourth and first quarters, which comes at a time when crude and distillate stocks are below normal and demand for gasoline has resuscitated in the last weeks, making it difficult for refiners to switch to maximum distillate mode to replenish dwindling stocks.

The Commodity Futures Trading Commission's (CFTC) Commitments of Traders report for the week of 8 July showed non-commercials increasing their long positions by some 9,000 contracts, with the net-long position reaching more than 30,000 lots, the highest level since October 2002. Besides the issues presented above, a pair of tropical storms threatened the US Gulf of Mexico's production area and the nationwide workers' strike in Nigeria encouraged speculators' exuberance. The bullish mode extended the following week when non-commercials increased their long positions by 19,333 lots, but at the same time added 11,934 lots to their shorts, resulting in a net long position of some 38,000 lots. Meanwhile, August WTI futures broke well above the $31.5 /b mark. The reason for this continuous strength was the low PADD 2 (US Midwest) stock level. In the week of 22 July, non-commercials took profits, selling around 12,000 long contracts bringing the net-long down by 14,504 to 23,372 lots. The Commitment of Traders Report for the week ending 29 July showed that speculators hiked their net-long positions in crude oil futures to 35,106 lots, driven by the tight gasoline market and several refinery outages.



Non-commercials hiked their long positions again during the first week of August by an astonishing 32,663 lots, while open interest rose by 44,771 lots to 554,737. Obviously no longer as convinced of a bright future as before, speculators shed some of their long positions while at the same time increasing their shorts in the week of 12 August, a move that might signal the prelude for a change in sentiment. Despite this temporary adjustment in investor sentiment, which could trigger a correction of $2-3/b, a further price fall will not materialize until more fundamental issues are resolved.

THE TANKER MARKET

OPEC area spot-chartering showed an overestimated rise of 4.75 mb/d to 15.20 mb/d

OPEC area spot-chartering regained the previous month's losses, rising by 4.75 mb/d to stand at 15.20 mb/d in July. This hefty figure could be overestimated as, according to secondary sources, OPEC crude oil production in July did not show that much increment compared with the June level. Chartering on the Middle East eastbound long-haul route contributed mostly to the increase, surging by 1.41 mb/d to 5.37 mb/d, or 1.03 mb/d higher than the year-ago level. Chartering on the westbound long-haul route also added to this increment, edging up 0.48 mb/d to 2.16 mb/d, a drop of 0.77 mb/d below the level observed last year. OPEC's share of global chartering rose 10.97% to 59.76%, of which eastbound long-haul chartering represented a share of 35.33% and westbound long-haul chartering a share of 14.21%. Both rates demonstrated a slide compared to last month's totals and taken together accounted for less than half of total OPEC spot chartering, more specifically 49.54%, which was 4.72% below last month. Non-OPEC spot chartering declined 0.93 mb/d to 10.23 mb/d in July, equivalent to a 40.23% share of global chartering. Consequently, global spot fixtures moved up by 3.82 mb/d to 25.43 mb/d, mainly due to the overestimate on OPEC chartering. This was 2.49 mb/d higher than the year before. Estimated sailings from the OPEC area in July fell 3.08 mb/d to 22.29 mb/d. Middle East sailings were down 1.11 mb/d to 16.32 mb/d, but still captured a 73.22% share of OPEC area sailings, an increase of 4.53%. Arrivals in the US Gulf Coast, the US East Coast and the Caribbean were estimated to decline by 0.91 mb/d to 10.67 mb/d. Euromed and Japan arrivals moved in the same direction, dropping 0.38 mb/d to 4.28 mb/d and 0.39 mb/d to 3.71 mb/d respectively. The sole exception was NW Europe arrivals which registered a slight increase of 0.08 mb/d to 7.04 mb/d.

VLCC freight rates showed mixed trends but remained relatively weak due to minimal activity

The crude oil tanker market was mostly quiet in July, mainly due to the season's downward trend with refiners reducing their purchases at a time of shut-downs and oil terminal maintenance. Ample tonnage supply was also a bearish factor in July as fewer traders were active because of summer holydays. Consequently, freight rates on all main routes suffered large losses, especially Aframax vessels which shed points on the prevailing inactivity. Aframax freight rates on the Mediterranean to NW Europe route and within the Mediterranean basin plunged by 55 and 51 points respectively to a monthly average of WS 138 and WS 140. Rates on the Caribbean/US Gulf Coast route fell by 65 points to WS 137, despite a late month improvement that pulled rates up on increasing activities but not enough to offset the miniscule rates at the start of the month. Accumulating unfixed tonnage also resulted in big losses in the Suezmax sector, particularly on the West Africa/US Gulf Coast route, where rates touched the lowest level this year due to scant trading at the beginning of the month, for a monthly average of WS 81, a loss of 50 points from the month before. Suezmax freight rates from NW Europe to the US East Coast charted a similar course, falling 37 points to WS 86. From Indonesia to the US West Coast, Aframax freight rates managed, with the support of steady business, to linger around last month's average, dropping a mere 6 points to stand at WS 124. Although mixed overall VLCC freight rates showed considerable losses on the Middle East eastbound long-haul route, which fell 23 points to WS52 due to lack of activity, leaving more than 70 VLCCs idle at the start of the month. Trade improved in the last two weeks of the month with VLCC availability decreasing to about 50 VLCCs. On the Middle East westbound long-haul route, VLCC freight rates showed better results as Iraqi exports from the Al Bakr terminal helped owners seek comparatively high rates, which limited the drop to 23 points to stand at WS52.

Product tanker market improved significantly, especially in the East

The product tanker market reversed its downward direction to show significant improvement on most of the main routes, particularly in the east. Medium-range tanker freight rates from the Middle East to the Far East rose 24 points to WS 213 supported by higher activity. Tight tonnage availability pushed rates up on the Singapore/East route, increasing by 33 points to WS 279. Within the Mediterranean and from there to NW Europe, rates also edged up because of improved demand, rising by 15 and 29 points to WS 210 and WS 236 respectively. Freight rates for cargoes from the Caribbean to the US Gulf Coast rose 16 points to WS 209 due to increasing exports, especially from Venezuela to the US market. The exception was on the NW Europe to the US East Coast route where rates remained close to the previous month's level with only a slight decline of 3 points to WS 186.

Table 4
Spot tanker chartering: sailings and arrivals
mb/d

	May 03	Jun 03	**Jul 03**	**Change Jul/Jun**
Chartering				
All areas	23.85	21.61	**25.43**	3.82
OPEC	14.17	10.45	**15.20**	4.75
Middle East/east	5.31	3.96	**5.37**	1.41
Middle East/west	1.65	1.68	**2.16**	0.48
Sailings				
OPEC	23.68	25.36	**22.29**	–3.08
Middle East	16. 99	17.42	**16.32**	–1.11
Arrivals				
US Gulf Coast, US East Coast, Caribbean	9.29	11.58	**10.67**	–0.91
North-West Europe	7.38	6.96	**7.04**	0.08
Euromed	4.42	4.66	**4.28**	–0.38
Japan	3.53	4.10	**3.71**	–0.39

Source: "Oil Movements" and Lloyd's Marine Intelligence Unit

Table 5
Spot tanker freight rates
Worldscale

	Size *1,000 DWT*	May 03	Jun 03	**Jul 03**	**Change Jul/Jun**
Crude					
Middle East/east	200–300	74	75	52	–23
Middle East/west	200–300	61	60	48	–12
West Africa/US Gulf	100–160	124	131	81	–50
North-West Europe/US East Coast	100–160	136	123	86	–37
Indonesia/US West Coast	70–100	144	130	124	–6
Caribbean/US East Coast	40–70	169	202	137	–65
Mediterranean/Mediterranean	40–70	217	191	140	–51
Mediterranean/North-West Europe	70–100	169	193	138	–55
Products					
Middle East/east	30–50	254	189	213	24
Singapore/east	25–30	271	246	279	33
Caribbean/US Gulf Coast	25–30	220	193	209	16
North-West Europe/US East Coast	25–30	230	189	186	–3
Mediterranean/Mediterranean	25–30	273	195	210	15
Mediterranean/North-West Europe	25–30	244	207	236	29

Source: Gailbraith Tanker Market Report as well as other relevant industry publications.

WORLD OIL DEMAND

Historical data

Due to upward revisions in actual Middle East and Africa consumption, total world oil demand for 2002 has been revised up by 0.18 mb/d to 76.96 mb/d, compared to the 76.78 mb/d reported in the last *MOMR*.

Estimates for 2003

World

World demand for 2003 revised up by 0.30 mb/d to 78.09 mb/d

The average 2003 world consumption forecast has been revised up by 0.30 mb/d due to a 0.18 mb/d upward revision in the 2002 historical data and a 0.12 mb/d increase in the year's incremental demand (the difference between the 2002 and the 2003 averages), mostly stemming from upward revisions to the second-, third- and fourth-quarter averages. Expected higher economic growth in the OECD Pacific, the Middle East, the FSU and China is the reason behind this increase to the 2003 demand increment. Forecasts for the yearly average and the yearly increment now stand at 78.09 mb/d and 1.13 mb/d respectively, compared with the 77.79 mb/d and 1.01 mb/d reported in the last *MOMR*. Quarterly and regional details are given in Table 6.

On a regional basis, following a minor fall of 0.07 mb/d in 2002, the demand for 2003 is forecast to rise a healthy 0.55 mb/d in the OECD. The former CPEs' consumption is forecast to grow considerably by 0.44 mb/d or 4.13%, more than double in volume the 0.21 mb/d or 2.21% growth in 2002. In the developing countries, only a moderate 0.14 mb/d or 0.69% rise in consumption is forecast in 2003, following a similar 0.15 mb/d growth in 2002.

Table 6
World oil demand in 2003
mb/d

							Change 2003/02	
	2002	1Q03	2Q03	3Q03	4Q03	**2003**	Volume	%
North America	24.17	24.56	24.13	24.46	24.51	24.41	0.25	1.02
Western Europe	15.07	15.18	14.69	15.15	15.55	15.14	0.07	0.49
OECD Pacific	8.50	9.61	7.79	8.16	9.34	8.72	0.23	2.67
Total OECD	**47.73**	**49.35**	**46.61**	**47.77**	**49.40**	**48.28**	**0.55**	**1.15**
Other Asia	7.47	7.54	7.56	7.52	7.69	7.58	0.10	1.35
Latin America	4.75	4.56	4.83	4.83	4.71	4.73	–0.02	–0.45
Middle East	4.92	4.85	4.95	5.15	4.95	4.97	0.05	1.04
Africa	2.54	2.55	2.51	2.53	2.58	2.54	0.00	0.18
Total DCs	**19.69**	**19.50**	**19.84**	**20.03**	**19.92**	**19.82**	**0.14**	**0.69**
FSU	3.77	4.01	3.57	3.74	4.37	3.93	0.16	4.13
Other Europe	0.74	0.77	0.70	0.79	0.76	0.75	0.01	1.64
China	5.03	5.41	5.22	5.43	5.17	5.31	0.27	5.46
Total "Other Regions"	**9.54**	**10.20**	**9.50**	**9.96**	**10.29**	**9.99**	**0.44**	**4.64**
Total world	**76.96**	**79.04**	**75.95**	**77.75**	**79.61**	**78.09**	**1.13**	**1.46**
Previous estimate	76.78	78.97	75.55	77.37	79.27	77.79	1.01	1.32
Revision	0.18	0.07	0.40	0.38	0.34	0.30	0.12	0.15

Totals may not add due to independent rounding.

To assess the first- and second-quarter 2003 consumption growth compared to their corresponding 2002 periods, one should bear in mind the exceptional weakness of the latter, down 0.54 mb/d and 0.37 mb/d respectively from their corresponding 2001 figures. This partly explains, in addition to other factors, the considerably high quarterly increments in 2003 over 2002. Compared with the first quarter 2002, world demand is estimated to have grown significantly by 2.97% or 2.28 mb/d to average 79.04 mb/d in the first quarter 2003 due to factors such as much colder than normal weather in most parts of the northern hemisphere, fuel substitution in Japan brought on by nuclear power reactor outages, stockpiling ahead of the anticipated Iraq war and record-high natural gas prices in the USA. Because of improvements in the world economic performance and the continuation of fuel substitution in Japan, second quarter 2003 consumption is estimated to have risen 0.98% or 0.74 mb/d when compared to the exceptionally weak second quarter 2002. The pace of demand growth is expected to moderate further in the third quarter to 0.65 mb/d or 0.85%. The fourth quarter, however, is forecast to register a higher 0.86 mb/d or 1.09%. Detailed quarterly comparisons for all quarters are presented in Tables 7 and 8.

Table 7
First and second quarter world oil demand comparison for 2003
mb/d

			Change 2003/02				Change 2003/02	
	1Q02	**1Q03**	Volume	%	**2Q02**	**2Q03**	Volume	%
North America	23.93	24.56	0.63	2.63	24.04	24.13	0.09	0.39
Western Europe	15.14	15.18	0.04	0.29	14.62	14.69	0.07	0.45
OECD Pacific	9.06	9.61	0.55	6.04	7.64	7.79	0.15	2.02
Total OECD	**48.13**	**49.35**	**1.22**	**2.54**	**46.30**	**46.61**	**0.31**	**0.68**
Other Asia	7.29	7.54	0.24	3.35	7.50	7.56	0.06	0.84
Latin America	4.71	4.56	-0.15	-3.19	4.79	4.83	0.04	0.80
Middle East	4.79	4.85	0.06	1.19	4.89	4.95	0.06	1.17
Africa	2.56	2.55	0.00	-0.13	2.50	2.51	0.01	0.36
Total DCs	**19.35**	**19.50**	**0.15**	**0.77**	**19.67**	**19.84**	**0.17**	**0.85**
FSU	3.78	4.01	0.23	6.20	3.39	3.57	0.18	5.27
Other Europe	0.77	0.77	0.00	0.09	0.73	0.70	–0.03	–3.53
China	4.74	5.41	0.67	14.23	5.12	5.22	0.10	1.96
Total "Other Regions"	**9.29**	**10.20**	**0.91**	**9.79**	**9.24**	**9.50**	**0.25**	**2.74**
Total world	**76.76**	**79.04**	**2.28**	**2.97**	**75.21**	**75.95**	**0.74**	**0.98**

Totals may not add due to independent rounding.

Table 8
Third and fourth quarter world oil demand comparison for 2003
mb/d

			Change 2003/02				Change 2003/02	
	3Q02	**3Q03**	Volume	%	**4Q02**	**4Q03**	Volume	%
North America	24.34	24.46	0.11	0.47	24.35	24.51	0.16	0.65
Western Europe	15.17	15.15	–0.02	–0.16	15.34	15.55	0.21	1.37
OECD Pacific	8.03	8.16	0.13	1.63	9.26	9.34	0.08	0.88
Total OECD	**47.55**	**47.77**	**0.22**	**0.46**	**48.95**	**49.40**	**0.45**	**0.92**
Other Asia	7.47	7.52	0.05	0.70	7.64	7.69	0.05	0.61
Latin America	4.82	4.83	0.01	0.28	4.70	4.71	0.01	0.24
Middle East	5.10	5.15	0.05	0.93	4.90	4.95	0.04	0.88
Africa	2.52	2.53	0.01	0.26	2.57	2.58	0.01	0.21
Total DCs	**19.91**	**20.03**	**0.12**	**0.60**	**19.81**	**19.92**	**0.11**	**0.54**
FSU	3.65	3.74	0.09	2.58	4.25	4.37	0.12	2.75
Other Europe	0.73	0.79	0.05	7.49	0.74	0.76	0.02	2.48
China	5.27	5.43	0.17	3.15	5.00	5.17	0.17	3.33
Total "Other Regions"	**9.64**	**9.96**	**0.31**	**3.26**	**9.99**	**10.29**	**0.30**	**3.02**
Total world	**77.10**	**77.75**	**0.65**	**0.85**	**78.75**	**79.61**	**0.86**	**1.09**

Totals may not add due to independent rounding.

OECD

OECD consumption is forecast at 48.28 mb/d, constituting 61.83% of total world demand in 2003. Out of the forecast 1.13 mb/d world oil consumption increment in 2003, about 0.55 mb/d or nearly 48.70% is expected to come from the OECD. Within the group, North America ranks first in forecast demand growth with 0.25 mb/d, or close to 45.09% of the group demand increment. OECD Pacific ranks second with 0.23 mb/d or 41.36% and Western Europe ranks third with 0.07 mb/d, or roughly 13.55%.

The actual first quarter 2003 data indicates that OECD consumption rose by 1.22 mb/d or 2.54% over the corresponding 2002 period, which saw a 0.800 mb/d decline. Nearly half of the
growth in consumption, or 0.63 mb/d, was registered in North America, while OECD Pacific was up 0.55 mb/d and the demand in Western Europe increased a marginal 0.04 mb/d.

Preliminary data suggests that OECD January-May 2003 oil requirements were higher by 1.01 mb/d compared to the corresponding 2002 period. During this period, the leading volume gainer was gasoil/diesel with a 0.63 mb/d or 5.32% rise in consumption. This is due to fuel switching in the USA and across Europe. The leading percentage gainer was residual fuel oil whose consumption rose by 8.06% or 0.24 mb/d, mostly due to colder than normal weather, Japan's nuclear reactor troubles and high natural gas prices in the USA.

DCs

In developing countries, oil demand is forecast to grow by 0.14 mb/d or 0.69% to 19.82 mb/d. The consumption in Latin America is expected to contract marginally by 0.02 mb/d to average 4.73 mb/d, indicating a relative improvement over the last year when the demand got weaker by 0.12 mb/d due to persistent economic and financial problems. Other Asia is forecast to register the highest volume and percentage growth at 0.10 mb/d or 1.35%, followed by the Middle East with 0.05 mb/d or 1.04%, while demand growth in Africa is expected to be negligible.

Other regions

The 2003 demand in the former CPEs is forecast at 9.99 mb/d, equivalent to 12.79% of total world consumption. Demand growth is forecast at 0.44 mb/d or 4.46%, more than double that in 2002 and close to 39.30% of the total world demand increment. Within the group, China is expected to see demand growth at 5.31 mb/d, which should result in the highest demand growth volume (0.27 mb/d) and percentage (5.46%) as well as take up an impressive 24.41% share of the total world increment The FSU is forecast to experience the second highest demand rise at 0.16 mb/d or 4.13%. Apparent demand in Other Europe is also expected to undergo a minor 0.01 mb/d volume rise, representing a 1.64% growth rate.

Forecast for 2004

World demand for 2004 forecast at 79.25 mb/d

Our preliminary forecast for the 2004 world oil demand has been drawn on the basis of the following assumptions:

- A global economic growth rate at 3.8%, up from the 3.1% forecast for 2003.
- A return to normal weather conditions after the colder than normal weather experienced this year.
- The restart of all of Japan's nuclear reactors.
- Lower natural gas prices in the USA.

Based on the assumptions, average 2004 world oil demand is forecast at 79.25 mb/d, incorporating a rise of 1.16 mb/d or 1.48% over the 2003 consumption. This preliminary assessment is certainly subject to revisions as more information becomes available on key factors such as the economic growth outlook, crude prices and the weather. Regional and quarterly breakdowns are given in Tables 9 through 11.

The 2004 demand is forecast to register positive growth in all of the three major groups of countries. OECD and Developing Countries are each forecast to register a 0.43 mb/d demand rise, more than 37% of the total world demand growth, while the former CPEs are forecast to experience a healthy 0.29 mb/d increase.

Consumption is expected to grow in every single quarter of 2004 compared with the corresponding quarter in the year 2003. The lowest growth rate of 0.57 mb/d or 0.72% is forecast in the first quarter. The second and the third quarters are expected to enjoy much higher rises at 1.20 mb/d and 1.28 mb/d respectively, while the fourth quarter should experience the highest growth of 1.58 mb/d or 1.98%.

Table 9
World oil demand forecast for 2004
mb/d

	2003	1Q04	2Q04	3Q04	4Q04	2004	Change 2004/03 Volume	Change 2004/03 %
North America	24.41	24.69	24.33	24.77	24.97	24.69	0.28	1.13
Western Europe	15.14	15.23	14.80	15.27	15.71	15.25	0.11	0.72
OECD Pacific	8.72	9.63	7.84	8.22	9.40	8.77	0.05	0.53
Total OECD	**48.28**	**49.55**	**46.96**	**48.25**	**50.08**	**48.71**	**0.43**	**0.89**
Other Asia	7.58	7.64	7.81	7.76	7.94	7.79	0.21	2.80
Latin America	4.73	4.61	4.87	4.89	4.77	4.79	0.05	1.14
Middle East	4.97	4.92	5.06	5.26	5.09	5.08	0.11	2.18
Africa	2.54	2.61	2.59	2.56	2.64	2.60	0.06	2.29
Total DCs	**19.82**	**19.78**	**20.33**	**20.47**	**20.43**	**20.26**	**0.43**	**2.18**
FSU	3.93	4.04	3.70	3.88	4.53	4.04	0.11	2.86
Other Europe	0.75	0.79	0.76	0.80	0.77	0.78	0.03	3.45
China	5.31	5.45	5.39	5.63	5.39	5.46	0.16	2.94
Total "Other Regions"	**9.99**	**10.29**	**9.85**	**10.30**	**10.68**	**10.28**	**0.29**	**2.94**
Total world	**78.09**	**79.61**	**77.15**	**79.03**	**81.19**	**79.25**	**1.16**	**1.48**

Totals may not add due to independent rounding.

Table 10
First and second quarter world oil demand comparison for 2004
mb/d

	1Q03	1Q04	Change 2004/03 Volume	Change 2004/03 %	2Q03	2Q04	Change 2004/03 Volume	Change 2004/03 %
North America	24.56	24.69	0.13	0.52	24.13	24.33	0.20	0.81
Western Europe	15.18	15.23	0.04	0.29	14.69	14.80	0.11	0.75
OECD Pacific	9.61	9.63	0.02	0.26	7.79	7.84	0.05	0.61
Total OECD	**49.35**	**49.55**	**0.20**	**0.40**	**46.61**	**46.96**	**0.35**	**0.76**
Other Asia	7.54	7.64	0.11	1.42	7.56	7.81	0.25	3.30
Latin America	4.56	4.61	0.05	1.08	4.83	4.87	0.05	1.00
Middle East	4.85	4.92	0.07	1.42	4.95	5.06	0.11	2.31
Africa	2.55	2.61	0.06	2.29	2.51	2.59	0.08	3.32
Total DCs	**19.50**	**19.78**	**0.28**	**1.46**	**19.84**	**20.33**	**0.50**	**2.50**
FSU	4.01	4.04	0.02	0.62	3.57	3.70	0.12	3.47
Other Europe	0.77	0.79	0.02	2.84	0.70	0.76	0.06	8.32
China	5.41	5.45	0.04	0.80	5.22	5.39	0.17	3.17
Total "Other Regions"	**10.20**	**10.29**	**0.09**	**0.88**	**9.50**	**9.85**	**0.35**	**3.66**
Total world	**79.04**	**79.61**	**0.57**	**0.72**	**75.95**	**77.15**	**1.20**	**1.58**

Totals may not add due to independent rounding.

Table 11
Third and fourth quarter world oil demand comparison for 2004
mb/d

	3Q03	3Q04	Change 2004/03 Volume	Change 2004/03 %	4Q03	4Q04	Change 2004/03 Volume	Change 2004/03 %
North America	24.46	24.77	0.31	1.27	24.51	24.97	0.46	1.89
Western Europe	15.15	15.27	0.12	0.81	15.55	15.71	0.16	1.01
OECD Pacific	8.16	8.22	0.05	0.66	9.34	9.40	0.06	0.63
Total OECD	**47.77**	**48.25**	**0.49**	**1.02**	**49.40**	**50.08**	**0.68**	**1.37**
Other Asia	7.52	7.76	0.24	3.20	7.69	7.94	0.25	3.25
Latin America	4.83	4.89	0.06	1.28	4.71	4.77	0.06	1.21
Middle East	5.15	5.26	0.11	2.14	4.95	5.09	0.14	2.81
Africa	2.53	2.56	0.03	1.17	2.58	2.64	0.06	2.41
Total DCs	**20.03**	**20.47**	**0.44**	**2.21**	**19.92**	**20.43**	**0.51**	**2.55**
FSU	3.74	3.88	0.14	3.79	4.37	4.53	0.16	3.58
Other Europe	0.79	0.80	0.01	1.35	0.76	0.77	0.01	1.76
China	5.43	5.63	0.19	3.56	5.17	5.39	0.22	4.24
Total "Other Regions"	**9.96**	**10.30**	**0.35**	**3.47**	**10.29**	**10.68**	**0.39**	**3.78**
Total world	**77.75**	**79.03**	**1.28**	**1.64**	**79.61**	**81.19**	**1.58**	**1.98**

Totals may not add due to independent rounding.

WORLD OIL SUPPLY

Non-OPEC

Non-OPEC supply for 2003 revised down to 48.69 mb/d, an 0.87 mb/d increase over 2002

Forecast for 2003

The 2003 non-OPEC supply figure was revised down to 48.69 mb/d, following a significant 0.24 mb/d downward revision to second quarter supply in North America and Western Europe, especially for the USA and UK due to the weather, seasonality and a longer maintenance schedule. Brazil also witnessed some decline due to faster than expected depletion. The quarterly distribution now stands at 48.64 mb/d, 48.06 mb/d, 48.83 mb/d and 49.20 mb/d respectively. The yearly average increase stands at 0.87 mb/d, compared with the upwardly revised figure for 2002.

Table 12
Non-OPEC oil supply in 2003
mb/d

	2002	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02
North America	14.51	14.74	14.58	14.74	14.72	14.70	0.18
Western Europe	6.63	6.75	6.20	6.54	6.73	6.55	–0.08
OECD Pacific	0.76	0.67	0.64	0.67	0.65	0.66	–0.10
Total OECD	**21.90**	**22.17**	**21.42**	**21.94**	**22.10**	**21.91**	**0.00**
Other Asia	2.27	2.34	2.34	2.34	2.36	2.34	0.07
Latin America	3.90	3.86	3.79	3.89	3.89	3.86	–0.04
Middle East	2.08	2.05	2.02	2.02	2.03	2.03	–0.06
Africa	3.03	2.96	3.02	3.05	3.08	3.03	0.00
Total DCs	**11.28**	**11.22**	**11.16**	**11.29**	**11.35**	**11.26**	**–0.02**
FSU	9.33	9.88	10.10	10.20	10.30	10.12	0.79
Other Europe	0.18	0.17	0.17	0.17	0.17	0.17	0.00
China	3.39	3.40	3.44	3.42	3.43	3.42	0.03
Total "Other regions"	**12.90**	**13.46**	**13.71**	**13.79**	**13.90**	**13.72**	**0.81**
Total non-OPEC production	**46.08**	**46.84**	**46.29**	**47.03**	**47.35**	**46.88**	**0.80**
Processing gains	1.73	1.81	1.77	1.81	1.85	1.81	0.08
Total non-OPEC supply	**47.81**	**48.64**	**48.06**	**48.83**	**49.20**	**48.69**	**0.87**
Previous estimate	47.80	48.72	48.32	48.83	49.13	48.75	0.96
Revision	**0.02**	**–0.07**	**–0.26**	**0.00**	**0.07**	**–0.07**	**–0.08**

Totals may not add due to independent rounding.

Non-OPEC supply for 2004 expected at 49.93 mb/d, up 1.25 mb/d from 2003

Expectations for 2004

The non-OPEC supply figure for 2004, introduced for the first time in the *MOMR*, is expected to rise by 1.25 mb/d. The major contributors to this rise are FSU, Africa, North America and Latin America. Individual countries contributing to this rise are Brazil up 0.08 mb/d, and Canada, which added 0.12 mb/d mainly from syncrudes. Significant additions are also expected to come from Angola (0.11 mb/d) and Chad (0.13 mb/d), included in Africa other in the African Group. Almost half of this growth will come from rapid production growth in the FSU, which is expected to reach 0.61 mb/d.

Table 13
Non-OPEC oil supply in 2004
mb/d

	2003	1Q04	2Q04	3Q04	4Q04	**2004**	**Change 04/03**
North America	14.70	14.88	14.72	14.88	14.87	14.84	0.14
Western Europe	6.55	6.80	6.25	6.59	6.78	6.60	0.05
OECD Pacific	0.66	0.66	0.63	0.66	0.64	0.65	–0.01
Total OECD	**21.91**	**22.34**	**21.60**	**22.12**	**22.28**	**22.09**	**0.18**
Other Asia	2.34	2.38	2.37	2.37	2.39	2.38	0.04
Latin America	3.86	4.01	3.94	4.05	4.05	4.01	0.15
Middle East	2.03	2.00	1.97	1.97	1.98	1.98	–0.05
Africa	3.03	3.24	3.30	3.35	3.38	3.32	0.29
Total DCs	**11.26**	**11.63**	**11.58**	**11.73**	**11.80**	**11.69**	**0.43**
FSU	10.12	10.48	10.71	10.81	10.92	10.73	0.61
Other Europe	0.17	0.17	0.17	0.17	0.17	0.17	0.00
China	3.42	3.38	3.42	3.40	3.41	3.40	-0.02
Total "Other regions"	**13.72**	**14.03**	**14.30**	**14.38**	**14.50**	**14.31**	**0.59**
Total non-OPEC production	**46.88**	**48.01**	**47.47**	**48.24**	**48.58**	**48.08**	**1.20**
Processing gains	1.81	1.85	1.81	1.85	1.90	1.86	0.05
Total non-OPEC supply	**48.69**	**49.86**	**49.29**	**50.09**	**50.48**	**49.93**	**1.25**
Previous estimate	48.75						
Revision	**–0.07**						

Totals may not add due to independent rounding.

Net FSU oil export for 2004 expected at 6.69 mb/d, 2003 forecast at 6.20 mb/d

The FSU net oil export for 2004 is expected at 6.69 mb/d, a downward revision of 6.69 mb/d from last month's figure. The 2003 figure has been revised down to 6.20 mb/d. Figures for 2000-2002 remain unchanged.

Table 14
FSU net oil exports
mb/d

	1Q	2Q	3Q	4Q	**Year**
2000	3.97	4.13	4.47	4.01	**4.14**
2001	4.30	4.71	4.89	4.47	**4.59**
2002 (estimate)	5.14	5.76	5.85	5.49	**5.56**
2003 (forecast)	5.87	6.52	6.46	5.93	**6.20**
2004 (forecast)	6.44	7.01	6.93	6.39	**6.69**

OPEC natural gas liquids

OPEC NGL for 2003 expected at 3.71 mb/d

OPEC NGL data for 2004 is expected to be 3.94 mb/d, 0.30 mb/d higher compared with the downwardly revised figure for 2003. The 2002 figure has also been revised down to 3.68 mb/d on recent data released from some Member Countries. Figures for 2000 and 2001 remain unchanged at 3.34 mb/d and 3.58 mb/d respectively, compared with last *MOMR's* figures.

OPEC NGL production — 2000–2004
mb/d

2000	**2001**	**2002**	1Q03	2Q03	3Q03	4Q03	**2003**	**Change 03/02**	**2004**	**Change 04/03**
3.34	**3.58**	**3.68**	3.50	3.65	3.70	3.70	**3.64**	-0.04	**3.94**	0.30

Available secondary sources put OPEC's July production at 26.39 mb/d

OPEC crude oil production

Available secondary sources indicate that OPEC output for July was 26.39 mb/d, which was 0.25 mb/d higher than the revised June figure of 26.13 mb/d. Table 15 shows OPEC production as reported by selected secondary sources.

Table 15
OPEC crude oil production, based on secondary sources
1,000 b/d

	2001	2002	1Q03	Jun 03*	2Q03	**Jul 03***	Jul 03-Jun 03
Algeria	820	864	1,069	1,145	1,130	**1,173**	28
Indonesia	1,214	1,120	1,072	1,022	1,027	**1,007**	–15
IR Iran	3,665	3,428	3,701	3,760	3,715	**3,737**	–23
Iraq	2,381	2,006	2,106	492	306	**635**	143
Kuwait	2,021	1,885	2,108	2,118	2,250	**2,124**	5
SP Libyan AJ	1,361	1,314	1,394	1,422	1,424	**1,423**	2
Nigeria	2,097	1,969	2,081	2,108	1,983	**2,133**	25
Qatar	683	648	743	734	750	**717**	–17
Saudi Arabia	7,939	7,535	8,874	8,543	9,022	**8,595**	52
UAE	2,163	1,988	2,203	2,243	2,293	**2,272**	28
Venezuela	2,862	2,586	1,449	2,547	2,561	**2,573**	26
Total OPEC	**27,207**	**25,342**	**26,800**	**26,134**	**26,461**	**26,388**	**254**

Totals may not add due to independent rounding.
** Not all sources available.*

RIG COUNT

Non-OPEC rig count jumped 101 in July

Non-OPEC

Rig activity rose in July. North America saw a significant rise of 106 rigs, compared with the June figure. In Canada, rig count swelled by 90 rigs to 398, the USA gained 14 rigs to 1081, and Mexico added 2 rigs for a total of 89. Western Europe rig activity increased by 4 rigs to 85, mainly from activity in the UK. Australia shed 1 rig to be left at 9. Latin America lost 6 rigs to 117, mainly from Argentina and Ecuador.

Table 16
Non-OPEC rig count in 2002-2003

	2001	**2002**	**Change 02/01**	**Jun 03**	**Jul 03**	**Change Jul/Jun**
North America	1,552	1,162	–390	1462	1568	106
Western Europe	95	85	–10	81	85	4
OECD Pacific	20	17	–3	18	17	–1
OECD	**1,667**	**1,264**	**–403**	**1,561**	**1,670**	**109**
Other Asia	95	111	16	111	115	4
Latin America	141	106	–35	123	117	–6
Middle East	50	62	12	71	70	–1
Africa	36	43	7	49	44	–5
DCs	**321**	**322**	**1**	**354**	**346**	**–8**
FSU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other Europe	3	2	–1	2	2	0
China	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other regions	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Total non-OPEC	**1,991**	**1,588**	**–403**	**1,917**	**2,018**	**101**

Totals may not add due to independent rounding. Source: Baker Hughes International.

OPEC

OPEC rig count added 8 in July

OPEC's rig count was 222 rigs in July, 8 higher compared with the June figure. Venezuela led gains adding 9 rigs to 44, while Algeria led declines, dropping 3 rigs to 19.

Table 17
OPEC rig count

	2001	2002	Change 02/01	Jun 03	Jul 03	Change Jul/Jun
Algeria	20	20	0	22	19	–3
Indonesia	41	46	6	43	43	0
IR Iran	30	34	4	36	35	–1
Iraq	n.a.	n.a.	n.a.	na	na	na
Kuwait	9	6	–3	4	7	3
SP Libyan AJ	5	10	5	10	9	–1
Nigeria	12	12	0	10	10	0
Qatar	9	13	4	7	7	0
Saudi Arabia	30	32	2	33	32	–1
UAE	15	16	0	14	16	2
Venezuela	67	42	–25	35	44	9
Total OPEC	**238**	**231**	**–7**	**214**	**222**	**8**

Totals may not add, due to independent rounding. Source: Baker Hughes International.

STOCK MOVEMENTS

USA

Seasonal 12.1 mb build in USA in July

US commercial onland stocks displayed a further seasonal build during the period 27 June – 1 August 2003, increasing 12.1 mb at a rate of 0.39 mb/d to 936.7 mb. The same amount of build occurred in "Other Oils" stocks, while the increase in distillate stocks was offset by the decline in other components of total commercial oil stocks. Crude oil stocks fell 2 mb to 280.2 mb at the end of July 2003. However, they had reached an even lower level of 276.3 mb in the week ending 18 July on meagre imports before swinging upward in the last two weeks of the month as crude oil imports jumped to a high of 10.29 mb/d. At the same time, crude runs registered a decline of 0.17 mb/d to 15.49 mb/d due to refinery troubles. Despite this draw, the yearly deficit of crude oil stocks was around 8%, compared with the 11.5% reported in the previous *MOMR*. Gasoline stocks continued the downward trend observed over the last two months, decreasing 3.2 mb to 201.8 mb. This draw was due mainly to strong demand at the peak of the driving season. Indeed, the apparent demand for gasoline in the four-week period ending 1 August 2003 increased 0.27 mb/d to reach 9.20 mb/d. As a result, the draw widened the y-o-y shortage to 5.9%. The y-o-y deficit in distillate stocks remained strong at 11.0%, despite a seasonal build of 9.4 mb to 119.1 mb brought about by weak demand. These stock movement changes resulted in a draw on total commercial stocks of 95.0 mb or 9.3% compared to year-ago level.

The US Strategic Petroleum Reserve (SPR) witnessed a further increase of 5.1 mb to 612.4 mb during the period 27 June – 1 August 2003, in line with the US government's decision to bring its total level up to 700 mb by 2005.

During the week ending 8 August 2003, commercial crude oil stocks rose a paltry 0.2 mb to 280.4 mb, or 7.3% below this time last year. Despite the 0.32 mb fall in crude oil imports, a small build in crude oil stocks occurred amid strong import flows of nearly 10 mb/d. Gasoline stocks fell 3.7 mb to 198.1 mb on the back of strong demand and declining imports, stuck at their lowest level since October 2002. Although bullish, the draw on gasoline stocks was diminished by a 1.6 mb rise in reformulated gasoline inventories, which accounted for nearly one third of total demand. Gasoline stocks are now 6.6% below the year-ago level. The y-o-y deficit for distillates remains 9.9%, despite a draw of 0.8 mb to 119.9 mb on inventories, as refiners build stocks ahead of the winter heating season. In total, commercial oil stocks showed a draw of 4.6 mb to 932.1 mb in the week ending 8 August 2003, a drop of 9.3% from the same time last year. The SPR rose a marginal 0.2 mb to 612.6 mb.

Table 18
US onland commercial petroleum stocks*
mb

	30 May 03	27 Jun 03	1 Aug 03	Change Jul/Jun	1 Aug 02	30 May 03**
Crude oil (excl. SPR)	289.0	282.1	**280.2**	**–1.90**	304.3	289.0
Gasoline	207.3	205.0	201.8	–3.20	214.5	207.3
Distillate fuel	104.5	109.7	119.1	9.40	133.8	104.5
Residual fuel oil	36.9	34.3	33.7	–0.60	33.5	36.9
Jet fuel	40.4	39.1	38.3	–0.80	38.5	40.4
Unfinished oils	84.3	88.6	85.8	–2.80	87.2	84.3
Other oils	159.4	165.8	177.9	12.10	220.5	159.4
Total	921.7	924.6	**936.7**	**12.10**	1,032.30	**921.7**
SPR	602.5	607.3	612.4	5.10	578.5	602.5

* *At end of month, unless otherwise stated.*
** *Latest available data at time of report's release.*
Source: US Department of Energy's Energy Information Administration.

Western Europe

EUR-16 stocks climbed moderate 8.0 mb in July

Total oil stocks in Eur-16 showed a seasonal build of 8.0 mb at a rate of 0.26 mb/d to 1,054.4 mb during the month of July. Crude oil contributed mainly to this build rising 5.8 mb to 450.1 mb, while total major products added only 2.1 mb to 604 mb. The build in crude oil stocks, which took place despite a slight increase of 0.03 mb/d to 11.85 mb/d in crude runs, was due to higher import volumes from Russia as well as the arrival of some Iraqi cargos. Crude oil inventories were 0.6% above last year's figure at this time. Gasoline stocks edged up 0.2 mb to 137.4 mb as refiners increased production. Middle distillate also rose 3.8 mb to 329.8 mb, offsetting the contra-seasonal draw experienced in June, but not enough to overcome the year-on-year shortage, which remained strong at 5.2%. Fuel oil stocks were the only product to register a draw, dropping 2.7 mb to 112.1 mb amid hefty exports to Asia and higher temperatures, which boosted demand for power generation. Despite this draw, fuel oil stocks were still 3.6 % above the year-ago level. Total oil stocks were 13.0 mb or 1.2% less than at this time last year.

Table 19
Western Europe's oil stocks*
mb

	May 03	Jun 03	Jul 03	Change Jul/Jun	Jul 02
Crude oil	454.2	444.2	**450.1**	**5.8**	447.3
Mogas	140.8	137.2	137.4	0.2	142.2
Naphtha	25.5	24.2	25.1	0.9	21.8
Middle distillates	332.4	326.0	329.8	3.8	347.8
Fuel oils	110.6	114.9	112.1	-2.7	108.3
Total products	609.3	602.2	**604.4**	**2.1**	620.0
Overall total	1,063.47	1,046.4	**1,054.4**	**8.0**	**1,067.4**

* *At end of month, with region consisting of the Eur-16.*
Source: Argus Euroilstock.

Japan

Considerable 18.3 mb seasonal build in Japan in June, mainly in crude oil stocks

In June, commercial onland oil stocks experienced a further seasonal build, rising 18.3 mb to 196.2 mb at a rate of 0.61 mb/d, a level not seen since November 2001. This significant rise was largely confined to a massive 19.0 mb build to 127.4 mb in crude oil stocks, mainly on lower refinery runs due to scheduled plant maintenance, assisted by an 9.9% increase in crude oil imports. Major total products showed a moderate draw of 0.7 mb to 68.8 mb. Gasoline stocks edged seasonably lower by 0.4 mb to 13.9 mb on reduced output, while a decrease in imports left the y-o-y shortage at around 2%. Middle distillate inventories remained unchanged at 33.2 mb, although kerosene stocks observed an increase of 7% compared with last month's figures as refiners began building stocks for the winter season. Middle distillate stocks were at a comfortable level, around 10% less than the level observed at this time last year. Despite a slight decline of 0.3 mb to 21.7 mb in fuel oil stocks, the y-o-y surplus remained stable at 6.8%. In summary, total oil stocks were 7.37% above the level registered a year ago.

Table 20
Japan's commercial oil stocks*
mb

	Apr 03	May 03	Jun 03	Change Jun/May	Jun 02
Crude oil	108.1	108.4	**127.4**	**19.0**	118.3
Gasoline	14.5	14.3	13.9	–0.4	14.2
Middle distillates	28.0	33.2	33.2	0.0	30.2
Residual fuel oil	20.9	22.0	21.7	–0.3	20.1
Total products	63.5	69.5	68.8	–0.7	64.4
Overall total**	171.6	177.9	**196.2**	**18.3**	182.7

** At end of month. ** Includes crude oil and main products only.*
Source: MITI, Japan.

BALANCE OF SUPPLY AND DEMAND

2003 supply/demand difference revised up to 25.26 mb/d

The summarized supply/demand balance table for 2003 shows a downward revision to total non-OPEC supply of 0.13 mb/d to 51.32 mb/d coupled with an upward revision to the world oil demand of 0.30 mb/d to 77.09 mb/d. This resulted in an estimated annual difference of around 25.76 mb/d, an increase of 0.42 mb/d from the last *MOMR* figure, with a quarterly distribution of 26.90 mb/d, 24.24 mb/d, 25.22 mb/d and 26.71 mb/d respectively. The balance for the first and second quarters has been revised down significantly by 0.15 mb/d and 0.66 mb/d respectively to –0.10 mb/d and 2.22 mb/d.

Table 21
Summarized supply/demand balance for 2003
mb/d

	2002	1Q03	2Q03	3Q03	4Q03	**2003**
(a) World oil demand	76.96	79.04	75.95	77.75	79.61	78.09
(b) Non-OPEC supply(1)	51.49	52.14	51.70	52.54	52.90	52.32
Difference (a – b)	**25.47**	**26.90**	**24.24**	**25.22**	**26.71**	**25.76**
OPEC crude oil production(2)	25.34	26.80	26.46			
Balance	**–0.13**	**–0.10**	**2.22**			

(1) Including OPEC NGLs + non-conventional oils.
(2) Selected secondary sources.
Totals may not add due to independent rounding.

2004 supply/demand difference expected at 25.37 mb/d

The summarized supply/demand balance table for 2004, introduced for the first time in the MOMR, shows world oil demand expected at 79.25 mb/d. As total non-OPEC supply is forecast at 53.87 mb/d, the resulting difference should be around 25.37 mb/d, with a quarterly distribution of 25.96 mb/d, 23.91 mb/d, 24.93 mb/d and 26.70 mb/d respectively.

Table 22
Summarized supply/demand balance for 2004
mb/d

	2003	1Q04	2Q04	3Q04	4Q04	**2004**
(a) World oil demand	78.09	79.61	77.15	79.03	81.19	79.25
(b) Non-OPEC supply(1)	52.32	53.65	53.23	54.10	54.49	53.87
Difference (a – b)	**25.76**	**25.96**	**23.91**	**24.93**	**26.70**	**25.37**

(1) Including OPEC NGLs + non-conventional oils.
Totals may not add due to independent rounding.

Table 23
World oil demand/supply balance
mb/d

	1999	**2000**	**2001**	**2002**	1Q03	2Q03	3Q03	4Q03	**2003**	1Q04	2Q04	3Q04	4Q04	**2004**
World demand														
OECD	47.7	47.8	47.8	47.7	49.4	46.6	47.8	49.4	48.3	49.5	47.0	48.3	50.1	48.7
North America	23.8	24.1	24.0	24.2	24.6	24.1	24.5	24.5	24.4	24.7	24.3	24.8	25.0	24.7
Western Europe	15.2	15.1	15.3	15.1	15.2	14.7	15.1	15.6	15.1	15.2	14.8	15.3	15.7	15.3
Pacific	8.7	8.6	8.5	8.5	9.6	7.8	8.2	9.3	8.7	9.6	7.8	8.2	9.4	8.8
DCs	18.9	19.2	19.5	19.7	19.5	19.8	20.0	19.9	19.8	19.8	20.3	20.5	20.4	20.3
FSU	4.0	3.8	3.9	3.8	4.0	3.6	3.7	4.4	3.9	4.0	3.7	3.9	4.5	4.0
Other Europe	0.8	0.7	0.7	0.7	0.8	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
China	4.2	4.7	4.7	5.0	5.4	5.2	5.4	5.2	5.3	5.5	5.4	5.6	5.4	5.5
(a) Total world demand	75.5	76.2	76.7	77.0	79.0	75.9	77.8	79.6	78.1	79.6	77.1	79.0	81.2	79.2
Non-OPEC supply														
OECD	21.3	21.8	21.8	21.9	22.2	21.4	21.9	22.1	21.9	22.3	21.6	22.1	22.3	22.1
North America	14.1	14.2	14.4	14.5	14.7	14.6	14.7	14.7	14.7	14.9	14.7	14.9	14.9	14.8
Western Europe	6.6	6.7	6.7	6.6	6.7	6.2	6.5	6.7	6.6	6.8	6.2	6.6	6.8	6.6
Pacific	0.7	0.8	0.8	0.8	0.7	0.6	0.7	0.6	0.7	0.7	0.6	0.7	0.6	0.6
DCs	10.7	10.9	10.9	11.3	11.2	11.2	11.3	11.4	11.3	11.6	11.6	11.7	11.8	11.7
FSU	7.5	7.9	8.5	9.3	9.9	10.1	10.2	10.3	10.1	10.5	10.7	10.8	10.9	10.7
Other Europe	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
China	3.2	3.2	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Processing gains	1.6	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.8	1.9	1.8	1.9	1.9	1.9
Total non-OPEC supply	44.5	45.7	46.4	47.8	48.6	48.1	48.8	49.2	48.7	49.9	49.3	50.1	50.5	49.9
OPEC NGLs + non-conventionals	3.2	3.3	3.6	3.7	3.5	3.6	3.7	3.7	3.6	3.8	3.9	4.0	4.0	3.9
(b) Total non-OPEC supply and OPEC NGLs	47.7	49.1	50.0	51.5	52.1	51.7	52.5	52.9	52.3	53.7	53.2	54.1	54.5	53.9
OPEC crude oil production (secondary sources)	26.5	28.0	27.2	25.3	26.8	26.5								
Total supply	74.2	77.0	77.2	76.8	78.9	78.2								
Balance (stock change and miscellaneous)	-1.3	0.8	0.5	-0.1	-0.1	2.2								
Closing stock level (outside FCPEs) *mb*														
OECD onland commercial	2446	2530	2621	2467	2407	2515								
OECD SPR*	1284	1268	1285	1343	1357	1357								
OECD total	3730	3798	3906	3810	3764	3873								
Other onland	997	1016	1045	1019	1007	1036								
Oil-on-water	808	876	829	811	850	859 e)								
Total stock	5535	5690	5780	5639	5621	5767								
Days of forward consumption in OECD														
Commercial onland stocks	51	53	55	51	52	53								
SPR	27	27	27	28	29	28								
Total	78	79	82	79	81	81								
Memo items														
FSU net exports	3.4	4.1	4.6	5.6	5.9	6.5	6.5	5.9	6.2	6.4	7.0	6.9	6.4	6.7
(a) - (b)	27.8	27.1	26.7	25.5	26.9	24.2	25.2	26.7	25.8	26.0	23.9	24.9	26.7	25.4

Note: Totals may not add up due to independent rounding.

** Korean government stocks are now included in Total OECD.*

e)Estimated.

Table 24

World oil demand/supply balance: changes from last month's table †

mb/d

	1999	2000	2001	2002	1Q03	2Q03	3Q03	4Q03	2003	1Q04	2Q04	3Q04	4Q04	2004
World demand														
OECD	-	-	-	-	-	-	0.1	-	-					
North America	-	-	-	-	-	-	-	-	-					
Western Europe	-	-	-	-	-	-	-	-	-					
Pacific	-	-	-	-	-	-	0.1	-	-					
DCs	0.1	0.1	0.1	0.2	0.1	0.2	0.2	0.3	0.2					
FSU	-	-	-	-	-	0.1	0.1	0.1	-					
Other Europe	-	-	-	-	-	-	-	-	-					
China	-	-	-	-	-	0.1	-	-	-					
(a) Total world demand	0.1	0.1	0.1	0.2	0.1	0.4	0.4	0.3	0.3					
Non-OPEC supply														
OECD	-	-	-	-	-	-0.2	-	0.2	-					
North America	-	-	-	-	-	-0.1	0.1	0.2	-					
Western Europe	-	-	-	-	-	-0.1	-	-	-					
Pacific	-	-	-	-	-	-	-	-	-					
DCs	-	-	-	-	-	-0.1	-	-	-					
FSU	-	-	-	-	-	-	-	-0.1	-					
Other Europe	-	-	-	-	-	-	-	-	-					
China	-	-	-	-	-	-	-	-	-					
Processing gains	-	-	-	-	-	-	-	-	-					
Total non-OPEC supply	-	-	-	-	-0.1	-0.3	-	0.1	-0.1					
OPEC NGLs + non-conventionals	-	-	-	-	-	-	-0.1	-0.1	-0.1					
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	-	-0.1	-0.3	-0.1	-	-0.1					
OPEC crude oil production (secondary sources)	-	-	-	-	-	-								
Total supply	-	-	-	-	-0.1	-0.3								
Balance (stock change and miscellaneous)	-0.1	-0.1	-0.1	-0.2	-0.2	-0.7								
Closing stock level (outside FCPEs) *mb*														
OECD onland commercial	-	-	-	-	-	-								
OECD SPR	-	-	-	-	-	-								
OECD total	-	-	-	-	-	-								
Other onland	-	-	-	-	-	-								
Oil on water	-	-	-	-	-	-								
Total stock	-	-	-	-	-	-								
Days of forward consumption in OECD														
Commercial onland stocks	-	-	-	-	-	-								
SPR	-	-	-	-	-	-								
Total	-	-	-	-	-	-								
Memo items														
FSU net exports	-	-	-	-	-	-	-0.1	-0.2	-0.1					
(a) - (b)	0.1	0.1	0.1	0.2	0.2	0.7	0.5	0.4	0.4					

† *This compares Table 23 in this issue of the MOMR with Table 24 in the July 2003 issue.*
This table shows only where changes have occurred.

Table 25
World oil stocks (excluding former CPEs) at end of period

	1997	1998	1999	2000	2001	2002	1Q01	2Q01	3Q01	4Q01	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03
Closing stock level *mb*																
OECD onland commercial	2,615	2,698	2,446	2,530	2,621	2,467	2,525	2,597	2,661	2,621	2,598	2,645	2,567	2,467	2,407	2,515
North America	1,211	1,283	1,127	1,146	1,263	1,172	1,159	1,231	1,269	1,263	1,235	1,259	1,216	1,172	1,095	1,155
Western Europe	912	963	881	930	915	885	918	909	918	915	927	939	912	885	899	898
OECD Pacific	492	453	437	454	443	410	447	457	473	443	435	447	440	410	413	462
OECD SPR	1,254	1,302	1,284	1,268	1,285	1,343	1,269	1,267	1,267	1,285	1,303	1,314	1,319	1,343	1,357	1,357
North America	563	571	567	543	552	601	544	545	547	552	563	578	589	601	601	611
Western Europe	329	362	346	354	353	352	351	347	345	353	353	348	344	352	363	354
OECD Pacific*	362	369	370	370	380	389	374	374	375	380	386	388	386	389	393	393
OECD total	**3,869**	**4,000**	**3,730**	**3,798**	**3,906**	**3,810**	**3,794**	**3,864**	**3,928**	**3,906**	**3,901**	**3,959**	**3,886**	**3,810**	**3,764**	**3,873**
Other onland	1,035	1,070	997	1,016	1,045	1,019	1,015	1,033	1,050	1,045	1,043	1,059	1,039	1,019	1007	1036
Oil-on-water	812	859	808	876	829	811	899	823	860	829	791	800	802	811	850	859
Total stock	**5,715**	**5,929**	**5,535**	**5,690**	**5,780**	**5,639**	**5,708**	**5,720**	**5,838**	**5,780**	**5,735**	**5,818**	**5,727**	**5,639**	**5,621**	**5,767**
Days of forward consumption in OECD																
OECD onland commercial	56	57	51	53	55	51	54	55	55	54	56	56	52	50	52	53
North America	52	54	47	48	52	48	49	51	53	53	51	52	50	48	45	47
Western Europe	60	63	58	61	61	58	62	59	59	60	63	62	59	58	61	59
OECD Pacific	58	52	51	53	52	47	56	57	54	49	57	56	47	43	53	57
OECD SPR	27	27	27	27	27	28	27	27	26	27	28	28	27	27	29	28
North America	24	24	24	23	23	25	23	23	23	23	23	24	24	24	25	25
Western Europe	21	24	23	23	23	23	24	22	22	23	24	23	22	23	25	23
OECD Pacific	43	42	43	43	45	45	47	47	43	42	51	48	42	41	50	48
OECD total	**83**	**84**	**78**	**79**	**82**	**79**	**81**	**81**	**82**	**81**	**84**	**83**	**79**	**77**	**81**	**81**
Days of global forward consumption	**88**	**89**	**83**	**84**	**86**	**83**	**86**	**85**	**86**	**86**	**87**	**86**	**83**	**82**	**85**	**85**

** Korean government stocks are now included in Total OECD Pacific.*

Table 26
Non-OPEC supply and OPEC natural gas liquids
mb/d

	1999	2000	2001	2002	Change 02/01	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02	1Q04	2Q04	3Q04	4Q04	2004	Change 04/03
USA	8.11	8.11	8.05	8.04	-0.01	8.07	7.92	7.94	7.92	7.96	-0.08	8.12	7.96	7.98	7.97	8.01	0.05
Canada	2.60	2.69	2.74	2.88	0.14	2.92	2.92	3.03	3.03	2.98	0.10	3.04	3.03	3.15	3.16	3.10	0.12
Mexico	3.35	3.45	3.57	3.59	0.03	3.75	3.75	3.77	3.77	3.76	0.17	3.72	3.72	3.74	3.74	3.73	-0.03
North America	**14.05**	**14.25**	**14.36**	**14.51**	**0.15**	**14.74**	**14.58**	**14.74**	**14.72**	**14.70**	**0.18**	**14.88**	**14.72**	**14.88**	**14.87**	**14.84**	**0.14**
Norway	3.06	3.32	3.42	3.33	-0.09	3.40	3.16	3.30	3.38	3.31	-0.02	3.43	3.19	3.33	3.41	3.34	0.03
UK	2.84	2.64	2.53	2.51	-0.03	2.53	2.25	2.45	2.53	2.44	-0.07	2.51	2.23	2.43	2.51	2.42	-0.02
Denmark	0.30	0.36	0.35	0.37	0.02	0.38	0.36	0.35	0.37	0.37	0.00	0.40	0.38	0.37	0.40	0.39	0.02
Other Western Europe	0.43	0.41	0.40	0.43	0.03	0.44	0.44	0.44	0.44	0.44	0.01	0.46	0.46	0.46	0.46	0.46	0.02
Western Europe	**6.63**	**6.74**	**6.70**	**6.63**	**-0.06**	**6.75**	**6.20**	**6.54**	**6.73**	**6.55**	**-0.08**	**6.80**	**6.25**	**6.59**	**6.78**	**6.60**	**0.05**
Australia	0.59	0.77	0.71	0.70	0.00	0.62	0.59	0.61	0.59	0.60	-0.10	0.61	0.58	0.60	0.58	0.59	-0.01
Other Pacific	0.07	0.06	0.06	0.05	-0.01	0.05	0.05	0.06	0.05	0.05	0.00	0.05	0.05	0.06	0.05	0.05	0.00
OECD Pacific	**0.66**	**0.83**	**0.77**	**0.76**	**-0.01**	**0.67**	**0.64**	**0.67**	**0.65**	**0.66**	**-0.10**	**0.66**	**0.63**	**0.66**	**0.64**	**0.65**	**-0.01**
Total OECD*	**21.34**	**21.82**	**21.82**	**21.90**	**0.08**	**22.17**	**21.42**	**21.94**	**22.10**	**21.91**	**0.00**	**22.34**	**21.60**	**22.12**	**22.28**	**22.09**	**0.18**
Brunei	0.18	0.19	0.20	0.20	0.01	0.20	0.21	0.21	0.21	0.21	0.01	0.20	0.21	0.21	0.21	0.21	0.00
India	0.75	0.74	0.73	0.75	0.01	0.75	0.72	0.73	0.74	0.73	-0.01	0.75	0.72	0.73	0.74	0.73	0.00
Malaysia	0.72	0.70	0.68	0.72	0.03	0.75	0.77	0.77	0.77	0.76	0.05	0.77	0.79	0.78	0.78	0.78	0.02
Papua New Guinea	0.09	0.07	0.06	0.05	-0.01	0.05	0.05	0.05	0.05	0.05	0.00	0.05	0.05	0.05	0.05	0.05	0.00
Vietnam	0.26	0.31	0.34	0.34	0.00	0.36	0.36	0.36	0.37	0.36	0.02	0.38	0.38	0.38	0.39	0.38	0.02
Asia others	0.15	0.18	0.19	0.21	0.02	0.22	0.23	0.22	0.21	0.22	0.01	0.22	0.23	0.22	0.21	0.22	0.00
Other Asia	**2.15**	**2.19**	**2.20**	**2.27**	**0.06**	**2.34**	**2.34**	**2.34**	**2.36**	**2.34**	**0.07**	**2.38**	**2.37**	**2.37**	**2.39**	**2.38**	**0.04**
Argentina	0.84	0.80	0.82	0.80	-0.02	0.78	0.78	0.79	0.78	0.78	-0.01	0.78	0.78	0.79	0.78	0.78	0.00
Brazil	1.36	1.49	1.57	1.75	0.18	1.76	1.72	1.77	1.76	1.75	0.00	1.84	1.80	1.85	1.85	1.83	0.08
Colombia	0.82	0.70	0.61	0.59	-0.03	0.56	0.55	0.55	0.54	0.55	-0.03	0.55	0.54	0.54	0.53	0.54	-0.01
Ecuador	0.38	0.40	0.41	0.40	-0.01	0.40	0.36	0.39	0.39	0.38	-0.02	0.45	0.41	0.44	0.44	0.43	0.05
Peru	0.11	0.10	0.10	0.09	-0.01	0.09	0.09	0.10	0.11	0.10	0.01	0.10	0.10	0.11	0.12	0.11	0.01
Trinidad & Tobago	0.14	0.14	0.13	0.15	0.02	0.15	0.17	0.18	0.18	0.17	0.02	0.17	0.19	0.20	0.20	0.19	0.02
L. America others	0.11	0.12	0.13	0.12	-0.01	0.12	0.12	0.12	0.12	0.12	0.00	0.12	0.12	0.12	0.12	0.12	0.00
Latin America	**3.76**	**3.75**	**3.77**	**3.90**	**0.13**	**3.86**	**3.79**	**3.89**	**3.89**	**3.86**	**-0.04**	**4.01**	**3.94**	**4.05**	**4.05**	**4.01**	**0.15**
Bahrain	0.19	0.19	0.19	0.19	0.00	0.19	0.19	0.19	0.19	0.19	0.00	0.19	0.19	0.19	0.19	0.19	0.00
Oman	0.91	0.95	0.95	0.90	-0.04	0.85	0.82	0.82	0.83	0.83	-0.07	0.83	0.80	0.80	0.81	0.81	-0.02
Syria	0.55	0.54	0.53	0.54	0.01	0.56	0.55	0.55	0.55	0.55	0.01	0.53	0.52	0.52	0.52	0.52	-0.03
Yemen	0.42	0.45	0.47	0.45	-0.01	0.46	0.46	0.46	0.46	0.46	0.01	0.46	0.46	0.46	0.46	0.46	0.00
Middle East	**2.06**	**2.13**	**2.13**	**2.08**	**-0.05**	**2.05**	**2.02**	**2.02**	**2.03**	**2.03**	**-0.06**	**2.00**	**1.97**	**1.97**	**1.98**	**1.98**	**-0.05**
Angola	0.76	0.75	0.74	0.89	0.15	0.83	0.90	0.89	0.88	0.88	-0.02	0.94	1.01	1.00	0.99	0.99	0.11
Cameroon	0.10	0.10	0.08	0.07	-0.01	0.07	0.07	0.07	0.07	0.07	-0.01	0.07	0.07	0.07	0.07	0.07	0.00
Congo	0.27	0.27	0.27	0.26	-0.01	0.24	0.24	0.24	0.23	0.24	-0.02	0.24	0.24	0.24	0.23	0.24	0.00
Egypt	0.83	0.80	0.76	0.75	-0.01	0.76	0.76	0.74	0.75	0.75	0.00	0.76	0.76	0.74	0.75	0.75	0.00
Gabon	0.36	0.34	0.31	0.30	-0.01	0.29	0.29	0.29	0.29	0.29	-0.02	0.29	0.29	0.29	0.29	0.29	0.00
South Africa	0.17	0.19	0.19	0.19	0.00	0.19	0.19	0.19	0.19	0.19	0.00	0.21	0.21	0.21	0.21	0.21	0.02
Africa other	0.28	0.41	0.46	0.56	0.10	0.58	0.58	0.63	0.67	0.61	0.05	0.73	0.73	0.79	0.84	0.77	0.16
Africa	**2.78**	**2.85**	**2.80**	**3.03**	**0.23**	**2.96**	**3.02**	**3.05**	**3.08**	**3.03**	**0.00**	**3.24**	**3.30**	**3.35**	**3.38**	**3.32**	**0.29**
Total DCs	**10.74**	**10.92**	**10.91**	**11.28**	**0.37**	**11.22**	**11.16**	**11.29**	**11.35**	**11.26**	**-0.02**	**11.63**	**11.58**	**11.73**	**11.80**	**11.69**	**0.43**
FSU	**7.47**	**7.91**	**8.53**	**9.33**	**0.81**	**9.88**	**10.10**	**10.20**	**10.30**	**10.12**	**0.79**	**10.48**	**10.71**	**10.81**	**10.92**	**10.73**	**0.61**
Other Europe	**0.18**	**0.18**	**0.18**	**0.18**	**-0.01**	**0.17**	**0.17**	**0.17**	**0.17**	**0.17**	**0.00**	**0.17**	**0.17**	**0.17**	**0.17**	**0.17**	**0.00**
China	**3.21**	**3.23**	**3.30**	**3.39**	**0.10**	**3.40**	**3.44**	**3.42**	**3.43**	**3.42**	**0.03**	**3.38**	**3.42**	**3.40**	**3.41**	**3.40**	**-0.02**
Non-OPEC production	**42.95**	**44.06**	**44.74**	**46.08**	**1.34**	**46.84**	**46.29**	**47.03**	**47.35**	**46.88**	**0.80**	**48.01**	**47.47**	**48.24**	**48.58**	**48.08**	**1.20**
Processing gains	1.58	1.65	1.69	1.73	0.04	1.81	1.77	1.81	1.85	1.81	0.08	1.85	1.81	1.85	1.90	1.86	0.05
Non-OPEC supply	**44.53**	**45.71**	**46.43**	**47.81**	**1.38**	**48.64**	**48.06**	**48.83**	**49.20**	**48.69**	**0.87**	**49.86**	**49.29**	**50.09**	**50.48**	**49.93**	**1.25**
OPEC NGLs + non-conventionals	**3.16**	**3.34**	**3.58**	**3.68**	**0.09**	**3.50**	**3.65**	**3.70**	**3.70**	**3.64**	**-0.04**	**3.79**	**3.95**	**4.01**	**4.01**	**3.94**	**0.30**

Note: Totals may not add up due to independent rounding.

** Former East Germany is included in the OECD.*

Table 27
Non-OPEC Rig Count

	2000	1Q01	2Q01	3Q01	4Q01	2001	1Q02	2Q02	3Q02	4Q02	2002	Change 02/01	1Q03	Jun03	2Q03	Jul03	Change Jul03- Jun03
USA	916	1,141	1,239	1,231	1,004	1,156	818	806	853	847	831	-325	901	1,067	1,028	1,081	14
Canada	344	515	252	320	278	342	383	147	250	283	266	-76	494	308	203	398	90
Mexico	44	50	48	56	62	54	63	61	62	76	65	11	82	87	84	89	2
North America	**1,305**	**1,706**	**1,539**	**1,607**	**1,344**	**1,552**	**1,264**	**1,014**	**1,165**	**1,206**	**1,162**	**-390**	**1,476**	**1,462**	**1,315**	**1,568**	**106**
Norway	22	24	22	22	22	23	20	20	17	19	19	-4	18	20	19	21	1
UK	18	18	25	28	26	24	28	30	24	23	26	2	19	20	21	23	3
Denmark	3	4	5	4	5	4	5	4	3	5	4	0	3	5	5	5	0
Other Western Europe	82	43	44	42	47	44	39	38	33	34	36	-8	36	36	34	36	0
Western Europe	**125**	**89**	**95**	**96**	**100**	**95**	**92**	**91**	**76**	**81**	**85**	**-10**	**77**	**81**	**78**	**85**	**4**
Australia	10	11	11	10	10	10	9	9	9	9	9	-2	10	10	10	9	-1
Other Pacific	7	10	9	8	10	9	8	7	7	10	8	-1	8	8	7	8	0
OECD Pacific	**17**	**20**	**20**	**18**	**20**	**20**	**17**	**16**	**16**	**19**	**17**	**-3**	**18**	**18**	**17**	**17**	**-1**
Total OECD*	**1,447**	**1,815**	**1,655**	**1,721**	**1,464**	**1,667**	**1,373**	**1,121**	**1,257**	**1,306**	**1,264**	**-403**	**1,571**	**1,561**	**1,411**	**1,670**	**109**
Brunei	2	3	3	2	2	3	2	3	3	3	3	0	3	4	4	4	0
India	49	51	48	50	50	50	52	54	55	57	55	5	59	59	60	61	2
Malaysia	7	10	11	13	12	11	12	13	15	14	14	2	14	11	13	16	5
Papua New Guinea	0	0	1	2	1	1	1	1	1	1	1	0	1	2	2	2	0
Vietnam	8	9	8	8	8	8	8	8	9	10	9	0	9	8	9	10	2
Asia others	16	22	23	24	18	22	26	29	33	32	30	8	31	27	28	22	-5
Other Asia	**83**	**96**	**95**	**98**	**90**	**95**	**100**	**109**	**116**	**117**	**111**	**16**	**117**	**111**	**115**	**115**	**4**
Argentina	57	69	74	77	64	71	49	45	49	54	49	-22	59	67	66	62	-5
Brazil	23	28	30	29	26	28	27	27	27	26	27	-2	27	27	27	27	0
Colombia	14	15	16	14	16	15	13	13	10	9	11	-4	10	9	9	10	1
Ecuador	7	9	10	10	11	10	10	9	8	8	9	-1	9	11	11	7	-4
Peru	4	4	4	3	3	4	2	2	2	1	2	-2	2	2	2	4	2
Trinidad & Tobago	4	6	5	4	5	5	5	4	4	4	4	-1	3	3	3	3	0
L. America others	12	9	8	6	6	7	4	4	4	5	5	-3	3	4	4	4	0
Latin America	**120**	**141**	**147**	**144**	**130**	**141**	**110**	**103**	**104**	**107**	**106**	**-35**	**113**	**123**	**121**	**117**	**-6**
Bahrain		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oman	24	24	24	25	26	25	27	29	30	32	29	5	33	33	34	32	-1
Syria	14	19	19	20	19	19	20	21	23	24	22	3	23	27	23	27	0
Yemen	6	6	6	5	6	6	8	9	9	11	9	3	11	9	10	10	1
Middle East	**45**	**49**	**49**	**49**	**51**	**50**	**57**	**60**	**64**	**69**	**62**	**12**	**70**	**71**	**68**	**70**	**-1**
Angola	6	6	5	4	6	5	5	6	6	5	5	0	3	4	4	3	-1
Cameroon		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Congo	3	1	2	1	1	1	1	1	1	1	1	0	0	1	1	0	-1
Egypt	18	21	22	22	23	22	22	23	22	23	23	1	26	25	26	28	3
Gabon	2	2	4	1	1	2	1	2	2	2	2	0	3	3	4	1	-2
South Africa	1	2	1	0	1	1	1	1	1	0	1	0	0	1	1	0	-1
Africa other	5	4	5	5	3	4	11	12	12	12	12	7	12	15	14	12	-3
Africa	**34**	**36**	**40**	**34**	**35**	**36**	**41**	**45**	**44**	**43**	**43**	**7**	**45**	**49**	**50**	**44**	**-5**
Total DCs	**282**	**322**	**330**	**325**	**307**	**321**	**307**	**317**	**328**	**336**	**322**	**1**	**346**	**354**	**354**	**346**	**-8**
FSU																	
Other Europe	**3**	**3**	**3**	**3**	**4**	**3**	**2**	**2**	**2**	**2**	**2**	**-1**	**2**	**2**	**2**	**2**	**0**
China																	
Non-OPEC Rig count	**1,732**	**2,140**	**1,988**	**2,049**	**1,774**	**1,991**	**1,682**	**1,440**	**1,587**	**1,644**	**1,588**	**-403**	**1,919**	**1,917**	**1,767**	**2,018**	**101**

Note: Totals may not add up due to independent rounding.

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MONTHLY OIL MARKET REPORT

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A Note to Readers from the Coordinator of the Monthly Oil Market Report

With this issue, I would like to take the opportunity to bid farewell to all readers of the OPEC Monthly Oil Market Report after five years as Head of the Petroleum Market Analysis Department and coordinator of this publication. I wish to thank my colleagues in the Petroleum Market Analysis Department, as well as in the other departments of the Secretariat, for their dedication and support. Together, we have endeavoured to improve the content, format and usefulness of this monthly publication. I hope our efforts have been successful, and I am confident that they will continue in the future.

Javad YARJANI
Head, Petroleum Market Analysis Department

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